

ENGROSSED HOUSE
BILL NO. 1689

By: Askins and Phillips of the
House

and

Monson of the Senate

(state employee health insurance - amending 74 O.S.,
Section 1370 - flexible benefit allowance -
repealing 74 O.S., Section 1370 - effective date -
emergency)

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY Section 10, Chapter 400, O.S.L. 1992, as last amended by Section 15, Chapter 397, O.S.L. 1999 (74 O.S. Supp. 2000, Section 1370), is amended to read as follows:

Section 1370. A. Subject to the requirement that a participant must elect at least the default benefits, or the basic plan, flexible benefit dollars may be used to purchase any of the benefits offered by the Oklahoma State Employees Benefits Council under the flexible benefits plan. A participant's flexible benefit dollars for a plan year shall consist of the sum of (1) flexible benefit allowance credited to a participant by the participating employer, and (2) pay conversion dollars elected by a participant.

B. Except as otherwise provided by Section 12, Chapter 384, O.S.L. 1997, each participant shall be credited annually with a specified amount as a flexible benefit allowance which shall be available for the purchase of benefits. The amount of the flexible benefit allowance credited to each participant shall be communicated to him or her prior to the enrollment period for each plan year.

C. For the fiscal year ending June 30, 1998, the amount of a participant's benefit allowance, which shall be the total amount the employer contributes for the payment of insurance premiums or other benefits, shall be Two Hundred Twenty-four Dollars and sixty-nine cents (\$224.69) per month or the amount determined by the Council based on a formula for determining a participant's benefit credits consistent with the requirements of 26 U.S.C., Section 125(g) (2) and regulations thereunder.

D. For the fiscal year ending June 30, 2000, and each fiscal year thereafter, the amount of a participant's benefit allowance, which shall be the total amount the employer contributes for the payment of insurance premiums or other benefits, shall be:

1. Two Hundred Sixty-two Dollars and nineteen cents (\$262.19) per month or the amount determined by the Council based on a formula for determining a participant's benefit credits consistent with the requirements of 26 U.S.C., Section 125(g) (2) and regulations thereunder; or

2. Two Hundred Twenty-four Dollars and sixty-nine cents (\$224.69) per month plus one of the additional amounts as follows for participants who elect to include one or more dependents for the fiscal year ending June 30, 2000, and each fiscal year thereafter:

- a. for a spouse, ~~one-half (1/2)~~ three-fourths (3/4) of the average price of all high option benefit plans available for coverage of a spouse,
- b. for one child, ~~one-half (1/2)~~ three-fourths (3/4) of the average price of all high option benefit plans available for coverage of one child,
- c. for two or more children, ~~one-half (1/2)~~ three-fourths (3/4) of the average price of all high option benefit plans available for coverage of two or more children,
- d. for a spouse and one child, ~~one-half (1/2)~~ three-fourths (3/4) of the average price of all high option

benefit plans available for coverage of a spouse and one child, or

- e. for a spouse and two or more children, ~~one-half (1/2)~~ three-fourths (3/4) of the average price of all high option benefit plans available for coverage of a spouse and two or more children.

E. This section shall not prohibit payments for supplemental health insurance coverage made pursuant to Section 1314.4 of this title or payments for the cost of providing health insurance coverage for dependents of employees of the Grand River Dam Authority.

F. If a participant desires to buy benefits whose sum total of benefit prices is in excess of his or her flexible benefit allowance, the participant may elect to use pay conversion dollars to purchase such excess benefits. Pay conversion dollars may be elected through a salary reduction agreement made pursuant to the election procedures of Section 1371 of this title. The elected amount shall be deducted from the participant's compensation in equal amounts each pay period over the plan year. On termination of employment during a plan year, a participant shall have no obligation to pay the participating employer any pay conversion dollars allocated to the portion of the plan year after the participant's termination of employment.

G. If a participant elects benefits whose sum total of benefit prices is less than his or her flexible benefit allowance, he or she shall receive any excess flexible benefit allowance as taxable compensation. Such taxable compensation will be paid in substantially equal amounts each pay period over the plan year. On termination during a plan year, a participant shall have no right to receive any such taxable cash compensation allocated to the portion of the plan year after the participant's termination. Nothing herein shall affect a participant's obligation to elect the minimum

benefits or to accept the default benefits of the plan with corresponding reduction in the sum of his or her flexible benefit allowance equal to the sum total benefit price of such minimum benefits or default benefits.

SECTION 2. REPEALER Section 10, Chapter 400, O.S.L. 1992, as last amended by Section 7, Chapter 255, O.S.L. 1999 (74 O.S. Supp. 2000, Section 1370), is hereby repealed.

SECTION 3. This act shall become effective July 1, 2001.

SECTION 4. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the House of Representatives the 7th day of March, 2001.

Presiding Officer of the House of
Representatives

Passed the Senate the ____ day of _____, 2001.

Presiding Officer of the Senate