

CS for SB 438

THE STATE SENATE
Tuesday, February 27, 2001

Committee Substitute for
Senate Bill No. 438

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 438 - By: HELTON of the Senate and KIRBY of the House.

[insurance - amending Section 11, Chapter 400, O.S.L. 1992, as last amended by Section 8, Chapter 255, O.S.L. 1999 (74 O.S. Supp. 2000, Section 1371) - State and Education Employees Group Insurance Board -high deductible plan - effective date - emergency]

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

SECTION 1. AMENDATORY Section 11, Chapter 400, O.S.L. 1992, as last amended by Section 8, Chapter 255, O.S.L. 1999 (74 O.S. Supp. 2000, Section 1371), is amended to read as follows:

Section 1371. A. All participants must purchase at least the basic plan. On or before January 1 of the plan year beginning July 1, 2001, and July 1 of any plan year beginning after January 1, 2002, the Oklahoma State Employees Benefits Council shall design the basic plan for the next plan year to insure that the basic plan provides adequate coverage to all participants. All benefit plans, whether offered by the State and Education Employees Group Insurance Board, a health maintenance organization or other vendors shall meet the minimum requirements set by the Council for the basic plan.

1 B. The Board shall offer health, disability, life and dental
2 coverage to all participants and their dependents. For health,
3 dental, disability and life coverage, the Board shall offer plans at
4 the basic benefit level established by the Council, and in addition,
5 may offer benefit plans that provide an enhanced level of benefits.
6 ~~The Board shall offer a high deductible health benefit plan which,~~
7 ~~after meeting the higher deductible amount, shall have the same~~
8 ~~coinsurance and benefit limits as the basic benefit plan but with a~~
9 ~~higher deductible amount and with copayments which are no greater~~
10 ~~than the basic benefit plan.~~ The Board shall be responsible for
11 determining the plan design and the benefit price for the plans that
12 they offer. In setting health insurance premiums for active
13 employees and for retirees under sixty-five (65) years of age, the
14 Board shall set the monthly premium for active employees at a
15 maximum of Ninety Dollars (\$90.00) less than the monthly premium for
16 retirees under sixty-five (65) years of age.

17 The benefits price for the basic plan during a plan year shall
18 not exceed the flexible benefits allowance for the same plan year.
19 The Council shall approve the plan designs to assure that they meet
20 the minimum benefit levels.

21 Nothing in this subsection shall be construed as prohibiting the
22 Board from offering additional medical plans, provided that any

1 medical plan offered to participants shall meet or exceed the
2 benefits provided in the medical portion of the basic plan.

3 ~~C. A participant may elect the high deductible health benefit
4 plan offered by the Board and any excess flexible benefit allowance
5 remaining after payment of the higher deductible benefit price may
6 be deposited in a medical saving account established in accordance
7 with the Medical Saving Account Act. Any excess flexible benefit
8 allowance deposited in a medical saving account shall not be
9 considered taxable compensation. For purposes of this subsection,
10 "excess flexible benefit allowance" means the remaining flexible
11 benefit allowance amount after deduction of the premium price of the
12 higher deductible benefit plan, the premium price of the selected
13 dental plan and the benefit price for life and disability benefits.~~

14 ~~D.~~ In lieu of electing any of the preceding medical benefit
15 plans, a participant may elect medical coverage by any health
16 maintenance organization made available to participants by the
17 Council. The benefit price of any health maintenance organization
18 shall be determined on a competitive bid basis. Contracts for said
19 plans shall not be subject to the provisions of the Oklahoma Central
20 Purchasing Act, Section 85.1 et seq. of this title. The Council
21 shall promulgate rules establishing appropriate competitive bidding
22 criteria and procedures for contracts awarded for flexible benefits
23 plans. All plans offered by health maintenance organizations

1 meeting the bid requirements as determined by the Council shall be
2 accepted. The Council shall have the authority to reject the bid or
3 restrict enrollment in any health maintenance organization for which
4 the Council determines the benefit price to be excessive. The
5 Council shall have the authority to reject any plan that does not
6 meet the bid requirements. All bidders shall submit along with
7 their bid a notarized, sworn statement as provided by Section 85.22
8 of this title. In setting health insurance premiums for active
9 employees and for retirees under sixty-five (65) years of age, HMOs,
10 self-insured organizations and prepaid plans shall set the monthly
11 premium for active employees at a maximum of Ninety Dollars (\$90.00)
12 less than the monthly premium for retirees under sixty-five (65)
13 years of age.

14 ~~F.~~ D. Nothing in this section shall be construed as prohibiting
15 the Council from offering additional qualified benefit plans or
16 currently taxable benefit plans.

17 ~~F.~~ E. Each employee of a participating employer who meets the
18 eligibility requirements for participation in the flexible benefits
19 plan shall make an annual election of benefits under the plan during
20 an enrollment period to be held prior to the beginning of each plan
21 year. The enrollment period dates will be determined annually and
22 will be announced by the Council, providing the enrollment period

1 shall end no later than thirty (30) days before the beginning of the
2 plan year.

3 Each such employee shall make an irrevocable advance election
4 for the plan year or the remainder thereof pursuant to such
5 procedures as the Council shall prescribe. Any such employee who
6 fails to make a proper election under the plan shall, nevertheless,
7 be a participant in the plan and shall be deemed to have purchased
8 the default benefits described in this section.

9 ~~G.~~ F. The Council shall prescribe the forms that participants
10 will be required to use in making their elections, and may prescribe
11 deadlines and other procedures for filing the elections.

12 ~~H.~~ G. Any participant who, in the first year for which he or
13 she is eligible to participate in the plan, fails to make a proper
14 election under the plan in conformance with the procedures set forth
15 in this section or as prescribed by the Council shall be deemed
16 automatically to have purchased the default benefits. The default
17 benefits shall be the same as the basic plan benefits. Any
18 participant who, after having participated in the plan during the
19 previous plan year, fails to make a proper election under the plan
20 in conformance with the procedures set forth in this section or
21 prescribed by the Council, shall be deemed automatically to have
22 purchased the same benefits which the participant purchased in the
23 immediately preceding plan year, except that the participant shall

1 not be deemed to have elected coverage under the health care
2 reimbursement account plan or the dependent care reimbursement
3 account plan.

4 ~~F.~~ H. Benefit plan contracts with the Board, health maintenance
5 organizations, and other third party insurance vendors shall provide
6 for a risk adjustment factor for adverse selection that may occur,
7 as determined by the Council, based on generally accepted actuarial
8 principles.

9 SECTION 2. This act shall become effective July 1, 2001.

10 SECTION 3. It being immediately necessary for the preservation
11 of the public peace, health and safety, an emergency is hereby
12 declared to exist, by reason whereof this act shall take effect and
13 be in full force from and after its passage and approval.

14 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS, dated 2-21-01 - DO
15 PASS, As Amended and Coauthored.