

STATE OF OKLAHOMA

1st Session of the 48th Legislature (2001)

SENATE BILL 633

By: Robinson

AS INTRODUCED

An Act relating to insurance; amending 74 O.S. 1991, Sections 1306, as last amended by Section 28, Chapter 6, O.S.L. 2000, 1307.1, 1308, 1309, as amended by Section 2, Chapter 339, O.S.L. 1999, 1316.1, as last amended by Section 29, Chapter 6, O.S.L. 2000, 1316.3, as last amended by Section 16, Chapter 377, O.S.L. 2000, 1318, 1321, as last amended by Section 4, Chapter 255, O.S.L. 1999, and 1332, as last amended by Section 49, Chapter 353, O.S.L. 2000 (74 O.S. Supp. 2000, Sections 1306, 1309, 1316.1, 1316.3, 1321 and 1332), which relate to the State and Education Employees Group Insurance Board; allowing the State and Education Employees Group Insurance Board to determine appropriate plan specifications; correcting reference to employees; deleting obsolete language; requiring submission of statement; allowing continuance of life insurance for certain nonvested employees; providing time limit for election to continue life insurance; qualifying limitation on purchase of life insurance for former employees; amending references; allowing purchase of life insurance in greater amounts under certain circumstances; amending date; deleting half-year deductible; modifying criteria for mid-year adjustments; deleting certain prohibitions concerning preexisting condition limitations and waiting periods; amending Section 9, Chapter 400, O.S.L. 1992, as amended by Section 6, Chapter 255, O.S.L. 1999 (74 O.S. Supp. 2000, Section 1369), which relates to the Oklahoma State Employees Benefits Act; deleting half-year deductible; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 74 O.S. 1991, Section 1306, as last amended by Section 28, Chapter 6, O.S.L. 2000 (74 O.S. Supp. 2000, Section 1306), is amended to read as follows:

Section 1306. The State and Education Employees Group Insurance Board shall administer and manage the group insurance plans and the flexible benefits plan and, subject to the provisions of the State and Education Employees Group Insurance Act, Section 1301 et seq.

and the State Employees Flexible Benefits Act, Section 1341 et seq. of this title, shall have the following powers and duties:

1. The preparation of specifications for such insurance plans as the Board may ~~be directed to offer~~ determine to be appropriate;

2. The authority and duty to request bids through the Purchasing Division of the Department of Central Services for a contract to be the claims administrator for all or any part of such insurance and benefit plans as the Board may ~~be directed to offer~~;

3. The determination of the methods of claims administration under such insurance and benefit plans as the Board may ~~be directed to offer~~;

4. The determination of the eligibility of employees and their dependents to participate in each of the Group Insurance Plans and in such other insurance and benefit plans as the Board may ~~be directed to offer~~ and the eligibility of employees other than education employees to participate in the Life Insurance Plan provided that evidence of insurability shall not be a requirement in determining an employee's initial eligibility;

5. The determination of the amount of employee payroll deductions and the responsibility of establishing the procedure by which such deduction shall be made;

6. The establishment of a grievance procedure by which a three-member grievance panel shall act as an appeals body for complaints by insured employees regarding the allowance and payment of claims, eligibility, and other matters. Except for grievances settled to the satisfaction of both parties prior to a hearing, any person who requests in writing a hearing before the grievance panel shall receive a hearing before the panel. The grievance procedure provided by this paragraph shall be the exclusive remedy available to insured employees having complaints against the insurer. Such grievance procedure shall be subject to the Oklahoma Administrative Procedures Act, Section 250 et seq. of Title 75 of the Oklahoma

Statutes including provisions thereof for review of agency decisions by the district court. The grievance panel shall schedule a hearing regarding the allowance and payment of claims, eligibility and other matters within sixty (60) days from the date the grievance panel receives a written request for a hearing unless the panel orders a continuance for good cause shown. Upon written request by the insured employee to the grievance panel and received not less than ten (10) days before the hearing date, the grievance panel shall cause a full stenographic record of the proceedings to be made by a competent court reporter at the insured employee's expense;

7. The continuing study of the operation of such insurance and benefit plans as the Board may ~~be directed to~~ offer including such matters as gross and net costs, administrative costs, benefits, utilization of benefits, and claims administration;

8. The administration of the Health, Dental and Life Insurance Reserve Fund or Funds, the Flexible Benefits Revolving Fund and the Education Employees Group Insurance Reserve Fund;

9. The auditing of the claims paid pursuant to the provisions of the State and Education Employees Group Insurance Act, the State Employees Flexible Benefits Act and the State Employees Disability Program Act;

10. a. To select and contract with federally qualified Health Maintenance Organizations under the provisions of 42 U.S.C., Section 300e et seq. or with Health Maintenance Organizations licensed by the Department of Health pursuant to Sections 2501 through 2510 of Title 63 of the Oklahoma Statutes for consideration by employees as an alternative to the state self-insured health plan, and to transfer to the HMOs such funds as may be approved for an employee electing HMO alternative services. Such HMOs may offer coverage

through a point-of-service plan, subject to the guidelines established by the Board.

- b. Benefit plan contracts with the State and Education Employees Group Insurance Board, Health Maintenance Organizations, and other third-party insurance vendors shall provide for a risk adjustment factor for adverse selection that may occur, as determined by the Board, based on generally accepted actuarial principles. The risk adjustment factor shall include all members participating in the plans offered by the State and Education Employees Group Insurance Board. The Oklahoma State Employees Benefits Council shall contract with an actuary to provide the above actuarial services, and shall be reimbursed for these contract expenses by the Board.
- c. Effective for the plan year beginning July 1, 1997, and for each year thereafter, in setting health insurance premiums for active employees and for retirees under sixty-five (65) years of age, HMOs, self-insured organizations and prepaid plans shall set the monthly premium for active employees at a maximum of Ninety Dollars (\$90.00) less than the monthly premium for retirees under sixty-five (65) years of age;

11. For the fiscal year beginning July 1, 1992, to assess and collect a four percent (4%) fee from such contracted HMOs to offset the costs of administration, and to appropriate and pay to the Benefits Council Administration Fund an amount equal to fifty percent (50%) of said fee within ten (10) days of collection;

12. To contract for reinsurance, catastrophic insurance, or any other type of insurance deemed necessary by the Board. Provided, however, that the Board shall not offer a health plan which is owned

or operated by the state and which utilizes a capitated payment plan for providers which uses a primary care physician as a gatekeeper to any specialty care provided by physician-specialists, unless specifically authorized by the Legislature;

13. The Board, pursuant to the provisions of Section 250 et seq. of Title 75 of the Oklahoma Statutes, shall adopt such rules consistent with the provisions of the State and Education Employees Group Insurance Act as it deems necessary to carry out its statutory duties and responsibilities;

14. The Board shall contract for claims administration services with a private insurance carrier or a company experienced in claims administration of any insurance that the Board may be directed to offer. No contract for claims administration services shall be made unless such contract has been offered for bids through the Purchasing Division of the Department of Central Services. The Board shall contract with a private insurance carrier or other experienced claims administrator to process claims with software that is normally used for its customers;

15. The Board shall contract for utilization review services with a company experienced in utilization review, data base evaluation, market research, and planning and performance of the health insurance plan;

16. The Board shall approve the amount of employee premiums and dependent premiums for such insurance plans as the Board shall be directed to offer for each year no later than the bid submission date for health maintenance organizations set by the Oklahoma State Employees Benefits Council, which for plan year beginning July 1, 2001, shall be set no later than the third Friday of December of the previous fiscal year. The next plan year shall begin January 1, 2002, and on January 1 each year thereafter. For plan year beginning January 1, 2002, and for each year thereafter, the submission date shall be set no later than the third Friday of June

of the previous year. Except as otherwise provided for in Section 1321 of this title, the Board shall not have the authority to adjust the premium rates after approval. The Board shall submit notice of the amount of employee premiums and dependent premiums along with an actuarial projection of the upcoming fiscal year's enrollment, employee contributions, employer contributions, investment earnings, paid claims, internal expenses, external expenses and changes in liabilities to the Director of the Office of State Finance and the Director of the Legislative Service Bureau no later than March 1 of the previous fiscal year.

In setting health insurance premiums for active employees and retirees under sixty-five (65) years of age, the Board shall set the monthly premium for active employees at a maximum of Ninety Dollars (\$90.00) less than the monthly premium for retirees under sixty-five (65) years of age;

17. Before December 1 of each year the Board shall submit to the Director of the Office of State Finance a report outlining the financial condition for the previous fiscal year of all insurance plans offered by the Board. The report shall include a complete explanation of all reserve funds and the actuarial projections on the need for such reserves. The report shall include and disclose an estimate of the future trend of medical costs, the impact from HMO enrollment, antiselection, changes in law, and other contingencies that could impact the financial status of the plan. The Director of the Office of State Finance shall make written comment on the report and shall provide such comment, along with the report submitted by the Board, to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives and the Chair of the Oklahoma State Employees Benefits Council by January 15;

18. The Board shall establish a prescription drug card network;

19. The Board shall have the authority to intercept monies owing to plan participants from other state agencies, when those participants in turn, owe money to the Board. The Board shall be required to adopt rules and regulations ensuring the participants due process of law;

20. The Board is authorized to make available to eligible employees supplemental health care benefit plans to include but not be limited to long-term care, deductible reduction plans and employee co-payment reinsurance. Premiums for said plans shall be actuarially based and the cost for such supplemental plans shall be paid by the employee; and

21. There is hereby created as a joint committee of the State Legislature, the Joint Liaison Committee on State and Education Employees Group Insurance Benefits, which Joint Committee shall consist of three members of the Senate to be appointed by the President Pro Tempore thereof and three members of the House of Representatives to be appointed by the Speaker thereof. The Chair and Vice Chair of the Joint Committee shall be appointed from the membership thereof by the President Pro Tempore of the Senate and the Speaker of the House of Representatives, respectively, one of whom shall be a member of the Senate and the other shall be a member of the House of Representatives. At the beginning of the first regular session of each Legislature, starting in 1991, the Chair shall be from the Senate; thereafter the chairship shall alternate every two (2) years between the Senate and the House of Representatives.

The Joint Liaison Committee on State and Education Employees Group Insurance Benefits shall function as a committee of the State Legislature when the Legislature is in session and when the Legislature is not in session. Each appointed member of said committee shall serve until his or her successor is appointed.

The Joint Liaison Committee on State and Education Employees Group Insurance Benefits shall serve as a liaison with the State and Education Employees Group Insurance Board regarding advice, guidance, policy, management, operations, plans, programs and fiscal needs of said Board. Said Board shall not be bound by any action of the Joint Committee.

SECTION 2. AMENDATORY 74 O.S. 1991, Section 1307.1, is amended to read as follows:

Section 1307.1 No ~~state~~ employee or dependent who participates in a HMO through the State Employees Group Insurance Act shall be denied the right of changing his primary care physician to any other primary care physician within the HMO. The ~~state~~ employee or dependent shall notify the HMO in writing of any change in his choice of primary care physician forty-five (45) days in advance of such change by certified mail with return receipt requested. Any such change in a primary care physician shall not be subject to the approval of the HMO, the State Employees Group Insurance Board or state agency.

SECTION 3. AMENDATORY 74 O.S. 1991, Section 1308, is amended to read as follows:

Section 1308. (1) Any employee other than an education employee eligible for membership in the Health Insurance Plan, Dental Insurance Plan or Life Insurance Plan upon its effective date shall be enrolled in the plan unless he elects not to be enrolled within thirty (30) days of such effective dates. The employee shall be advised of Health Maintenance Organization prepaid plans available as an alternative to the state self-insured Health Insurance Plan. The Board shall establish the procedure by which eligible employees not electing to be enrolled initially in the Health Insurance Plan, Dental Insurance Plan or Life Insurance Plan may be subsequently enrolled.

(2) Any eligible employee other than an education employee who is employed after the effective dates of the Health Insurance Plan, Dental Insurance Plan and Life Insurance Plan or HMO plans approved by the Board may become enrolled on the first day of the second month of employment.

~~(3) Any person that becomes a participant in the State and Education Employees Group Insurance Act pursuant to subsection (2) or (3) of Section 17 of this act shall not be eligible to enroll in a HMO plan until the next option period after said enrollment, as set by the Board.~~

SECTION 4. AMENDATORY 74 O.S. 1991, Section 1309, as amended by Section 2, Chapter 339, O.S.L. 1999 (74 O.S. Supp. 2000, Section 1309), is amended to read as follows:

Section 1309. A. Any eligible employee may elect to have a dependent or dependents of the employee covered by the Health Insurance Plan and Dental Insurance Plan or by any available Health Maintenance Organization (HMO) approved by the Board. The employee may elect to cover all dependent children and not elect to cover the spouse of the employee. Such election shall be made at the time the employee becomes enrolled in the Plan, under such procedures as the Board may establish. If dependent coverage is not elected or if the employee elects to cover all dependent children and not the spouse of the employee at the time an employee becomes enrolled in the Plan, dependent coverage or coverage for the spouse cannot be elected until the next enrollment period or until a qualifying event has occurred as established by the Board. Such subsequent election of dependent coverage shall be made under such conditions as the Board may impose. If electing not to cover the spouse, the employee shall ~~file an affidavit~~ submit a statement signed by both the employee and the spouse acknowledging their choice not to provide insurance coverage for the spouse under the Health Insurance Plan and Dental Insurance Plan or approved HMO plans.

B. Any employee with dependent coverage, as provided in this section, who has a change in the number of dependents may at the time of such change increase or decrease the number of dependents covered by the Health Insurance Plan and Dental Insurance Plan or approved HMO plans, under procedures established by the Board.

C. Any employee who has no eligible dependents at the time the employee becomes enrolled may elect dependent coverage at the time the dependency status of the employee changes under procedures established by the Board.

SECTION 5. AMENDATORY 74 O.S. 1991, Section 1316.1, as last amended by Section 29, Chapter 6, O.S.L. 2000 (74 O.S. Supp. 2000, Section 1316.1), is amended to read as follows:

Section 1316.1 A. Any person who retires or who has elected to receive a vested benefit under the provisions of the State of Oklahoma retirement systems or persons who are currently drawing disability benefits under Section 1331 et seq. of this title or who meet each and every requirement of the State Employees Disability Program or the spouse of any such employee may continue in force the life insurance benefits authorized by this act in a face amount of not less than one-fourth (1/4) but not more than three-fourths (3/4) of the basic life insurance amount, if such election to continue in force is made within thirty (30) days from the time of severance; provided such persons pay the full cost of such life insurance and under such terms and conditions as established by the Board.

Further, any such retiree may continue in force any additional life insurance that was purchased prior to retirement, above the three-fourths (3/4) of the basic life insurance amount, at an actuarially adjusted rate and under such terms and conditions as established by the Board.

Effective January 1, 2002, nonvested employees may also continue their life insurance benefits as provided in this section following termination of employment, if the employee has completed at least

eight (8) years of service with an employer participating in the Oklahoma Public Employees Retirement System or at least ten (10) years of service with an employer participating in the Teachers' Retirement System of Oklahoma. The election to continue the employee's life insurance in force must be made within thirty (30) days after the date of termination.

B. Any retired employee who is receiving a benefit or terminates employment with a vested benefit from the Teachers' Retirement System of Oklahoma and who becomes enrolled in the health insurance plan offered by the State and Education Employees Group Insurance Act, pursuant to subsection E of Section 5-117.5 of Title 70 of the Oklahoma Statutes, may elect to purchase life insurance benefits in amounts and at a cost as provided for in this section.

C. In lieu of subsection A of this section, any person who retires or who has elected to receive a vested benefit under the provisions of the State of Oklahoma retirement systems and who is participating in a health insurance plan, the dental insurance plan, or the life insurance plan offered by the State and Education Employees Group Insurance Board, including such persons who are currently drawing disability benefits under Section 1331 et seq. of this title or who meet each and every requirement of the State Employees Disability Program on or before July 1, 1999, or the spouse of any such person may elect to purchase life insurance benefits authorized by this subsection in a face amount not to exceed Fifty Thousand Dollars (\$50,000.00). Eligible persons pursuant to this subsection shall make an election by January 1, 2000, to purchase the life insurance coverage provided in this subsection. Life insurance coverage pursuant to this subsection shall depend upon providing satisfactory evidence of insurability for the person who is to be covered. Life insurance coverage, pursuant to this subsection, shall be purchased in blocks of Five Thousand Dollars (\$5,000.00). The premium for such life insurance

coverage shall be at a blended rate and shall be set by the Board. The Board shall promulgate rules necessary for the implementation of the provisions of this subsection.

SECTION 6. AMENDATORY 74 O.S. 1991, Section 1316.3, as last amended by Section 16, Chapter 377, O.S.L. 2000 (74 O.S. Supp. 2000, Section 1316.3), is amended to read as follows:

Section 1316.3 (1) Any person who retires pursuant to the provisions of the Teachers' Retirement System of Oklahoma or who has a vested benefit, pursuant to the provisions of the Teachers' Retirement System of Oklahoma may continue in force the health and dental insurance benefits authorized by the provisions of the State and Education Employees Group Insurance Act or may begin the health and dental insurance coverage if the education entity of the person is not a participant in the State and Education Employees Group Insurance Act or if the person did not participate when the education entity of the person participated in the State and Education Employees Group Insurance Act if such election to continue in force or begin is made within thirty (30) days from the date of termination of service. Health insurance benefits offered pursuant to this section shall include the state indemnity plan, managed care plans offered in alternative to the state indemnity plan, Medicare supplements offered by the Oklahoma State and Education Employees Group Insurance Board which shall include prescription drug coverage, and Medicare risk-sharing contracts offered in alternative to the Board's Medicare supplement. Provided, all Medicare risk-sharing contracts shall be subject to a risk adjustment factor, based on generally accepted actuarial principals for adverse selection which may occur. Except as provided in subsection E of Sections 5-117.5 and 14-108.1 of Title 70 of the Oklahoma Statutes and Section 840-2.27I of this title and subsection ~~(10)~~ (9) of this section, health and dental insurance coverage may not be reinstated at a later time if the election to continue in force or begin

coverage is declined. Vested persons who have terminated service and are not receiving benefits and effective July 1, 1996, nonvested persons who have terminated service with more than ten (10) years of participating service with a qualifying employer, who within thirty (30) days from the date of termination, elect to continue such coverage, shall pay the full cost of said insurance premium at the rate and pursuant to the terms and conditions established by the Board.

(2) (a) A retired person who is receiving benefits from the Teachers' Retirement System of Oklahoma after September 30, 1988, is under sixty-five (65) years of age and is not otherwise eligible for Medicare and pursuant to subsection (1) of this section elects to begin or to continue the health insurance plan shall pay the premium rate for the health insurance minus an amount equal to the premium rate of the Medicare supplement offered by the Oklahoma State and Education Employees Group Insurance Board or the amount determined pursuant to subsection (4) of this section, whichever is less, which shall be paid by the Teachers' Retirement System of Oklahoma to the Board in the manner specified in subsection (8) of this section.

(b) A retired person who is receiving benefits from the Teachers' Retirement System of Oklahoma after June 30, 1993, is under sixty-five (65) years of age and is not otherwise eligible for Medicare and participates in a health insurance plan provided by a participating education employer of the Teachers' Retirement System of Oklahoma other than a health insurance plan offered pursuant to the State and Education Employees Group Insurance Act or an alternative health plan offered pursuant to the Oklahoma State Employees Benefits Act shall pay the premium rate for the health insurance minus an amount equal to the premium rate of the Medicare supplement offered by the Oklahoma State and Education Employees Group Insurance Board or the amount determined pursuant to subsection (4) of this section, whichever is less, which shall be

paid by the Teachers' Retirement System of Oklahoma to said education employer that provides the health insurance plan to said retired person.

(3) (a) A retired person who is receiving benefits from the Teachers' Retirement System of Oklahoma after September 30, 1988, made contributions to the system and is sixty-five (65) years of age or older, or who is under sixty-five (65) years of age and is eligible for Medicare and is a participant in the State and Education Employees Group Insurance Act and elects coverage under the Medicare supplement offered by the Oklahoma State and Education Employees Group Insurance Board, shall have the amount determined pursuant to subsection (4) of this section, or the premium rate of the Medicare supplement, whichever is less, paid by the Teachers' Retirement System of Oklahoma to the Board in the manner specified in subsection (8) of this section. If the amount paid by the Teachers' Retirement System of Oklahoma does not cover the full cost of the Medicare supplement, the retired person shall pay to the Board the remaining amount if the retired person wants to continue the coverage. If such retiree elects coverage under any Medicare risk-sharing contract, the retiree shall have the amount determined pursuant to subsection (4) of this section or the premium rate of the Medicare risk-sharing contract selected by the retiree, whichever is less, paid by the Teachers' Retirement System of Oklahoma to the Board in the manner specified in subsection (8) of this section. If the amount paid by the Teachers' Retirement System of Oklahoma does not cover the full cost of the Medicare risk-sharing contract, the retired employee shall pay to the Board the remaining amount if the retired employee wants to continue coverage.

(b) A retired person who is receiving benefits from the Teachers' Retirement System of Oklahoma after June 30, 1993, made contributions to the system and is sixty-five (65) years of age or older, or who is under sixty-five (65) years of age and is eligible

for Medicare and participates in a health insurance plan provided by a participating education employer of the Teachers' Retirement System of Oklahoma other than a health insurance plan offered pursuant to the State and Education Employees Group Insurance Act or an alternative health plan offered pursuant to the Oklahoma State Employees Benefits Act and elects coverage under the Medicare supplement offered by the Oklahoma State and Education Employees Group Insurance Board, shall have the amount determined pursuant to subsection (4) of this section, or the premium rate of the Medicare supplement, whichever is less, paid by the Teachers' Retirement System of Oklahoma to the education employer that provides the health insurance plan to said retired person. If the amount paid by the Teachers' Retirement System of Oklahoma does not cover the full cost of the Medicare supplement, the retired person shall pay to said employer the remaining amount if the retired person wants to continue the coverage. If such retiree elects coverage under any Medicare risk-sharing contract, the retiree shall have the amount determined pursuant to subsection (4) of this section or the premium rate of the Medicare risk-sharing contract selected by the retiree, whichever is less, paid by the Teachers' Retirement System of Oklahoma to the Board in the manner specified in subsection (8) of this section. If the amount paid by the Teachers' Retirement System of Oklahoma does not cover the full cost of the Medicare risk-sharing contract, the retired employee shall pay to the Board the remaining amount if the retired employee wants to continue coverage.

(4) Beginning July 1, 2000, the maximum benefit payable by the Teachers' Retirement System of Oklahoma on behalf of a retired person toward said person's monthly premium for health insurance shall be determined in accordance with the following schedule:

LESS THAN	GREATER
25 YEARS BUT	THAN

AVERAGE SALARY USED FOR DETERMINING RETIREMENT ALLOWANCE	LESS THAN 15 YEARS OF CREDITABLE SERVICE	GREATER THAN 14.99 YEARS OF CREDITABLE SERVICE	24.99 YEARS OF CREDITABLE SERVICE
Less than \$20,000.00	\$103.00	\$104.00	\$105.00
Less than \$30,000.00 but greater than \$19,999.99	\$102.00	\$103.00	\$104.00
Less than \$40,000.00 but greater than \$29,999.99	\$101.00	\$102.00	\$103.00
\$40,000.00 or greater	\$100.00	\$101.00	\$102.00

(5) If a person retires and begins to receive benefits from the Teachers' Retirement System of Oklahoma or terminates service and has a vested benefit with the Teachers' Retirement System of Oklahoma, the person may elect, in the manner provided in subsection (1) of this section, to participate in the dental insurance plan offered through the State and Education Employees Group Insurance Act. The person shall pay the full cost of the dental insurance.

(6) Those persons who are receiving benefits from the Teachers' Retirement System of Oklahoma and have health insurance coverage which on the operative date of this section is being paid by the education entity from which the person retired shall make the election required in subsection (1) of this section within thirty (30) days of the termination of said health insurance coverage. The person making the election shall give the Board certified documentation satisfactory to the Board of the termination date of the other health insurance coverage.

(7) Dependents of a deceased education employee who was on active work status or on a disability leave at the time of death or of a participating retirant or of any person who has elected to receive a vested benefit under the Teachers' Retirement System of Oklahoma may continue the health and dental insurance benefits in force provided said dependents pay the full cost of such insurance

and they were covered as eligible dependents at the time of such death and such election is made within thirty (30) days of date of death. The eligibility for said benefits shall terminate for the surviving spouse when said spouse remarries or becomes eligible for another group health insurance plan. The eligibility for said benefits shall terminate for the surviving children when said children cease to qualify as dependents.

(8) The amounts required to be paid by the Teachers' Retirement System of Oklahoma pursuant to this section shall be forwarded no later than the tenth day of each month following the month for which payment is due by the Board of Trustees of the Teachers' Retirement System of Oklahoma to the State and Education Employees Group Insurance Board for deposit in the Education Employees Group Insurance Reserve Fund.

(9) Notwithstanding any provision in this section to the contrary, any person who retires pursuant to the provisions of the Teachers' Retirement System of Oklahoma after June 30, 1995, or terminates service with a vested benefit, pursuant to the provisions of the Teachers' Retirement System of Oklahoma after June 30, 1995, may participate in the health and dental plans authorized by the provisions of the State and Education Employees Group Insurance Act only if said person continues to participate in said insurance plans offered by the State and Education Employees Group Insurance Board for a period of at least three (3) consecutive years immediately prior to retirement or termination of service, or the education employer from which the person either retires or terminates service with a vested benefit obtains health and dental insurance coverage as provided for in the State and Education Employees Group Insurance Act.

(10) The Teachers' Retirement System of Oklahoma shall provide the State and Education Employees Group Insurance Board information concerning the employers of retired and vested members necessary to

allow the State and Education Employees Group Insurance Board to track eligibility for continued coverage.

SECTION 7. AMENDATORY 74 O.S. 1991, Section 1318, is amended to read as follows:

Section 1318. ~~No reemployed ex-employee~~ No former employee who is reemployed by a participating entity within twenty-four (24) months after the date of termination of previous employment shall be enrolled in the State and Education Employees Group Insurance Plan authorized by Section 1301 et seq. of this title, for a greater amount of life insurance or life benefit than the amount for which the life of the ex-employee was insured under said plan at the date of termination of his employment, except upon his furnishing evidence of his insurability, satisfactory to the Board, and any greater amount of benefit or insurance provided him shall be at the ex-employee's cost.

SECTION 8. AMENDATORY 74 O.S. 1991, Section 1321, as last amended by Section 4, Chapter 255, O.S.L. 1999 (74 O.S. Supp. 2000, Section 1321), is amended to read as follows:

Section 1321. The Board shall have the authority to determine all rates and life, dental and health benefits. All rates shall be compiled in a comprehensive Schedule of Benefits. The Schedule of Benefits shall be available for inspection during regular business hours at the office of the State and Education Employees Group Insurance Board. The Board shall have the authority to annually adjust the rates and benefits based on claim experience. The annual adjustment shall be made no later than the bid submission date for health maintenance organizations set by the Oklahoma State Employees Benefits Council, which for the plan year beginning July 1, 2001, shall be set no later than the third Friday of December of each year. The next plan year shall begin January 1, 2002, and on January 1 each year thereafter. For the plan year beginning January 1, 2002, and for each year thereafter, the date shall be set no

later than the third Friday of ~~June~~ August of each year. ~~For the plan year beginning July 1, 2001, and ending December 31, 2001, the deductible amounts for each plan offered shall be reduced by one-half (1/2) of the full one-year deductible amount.~~ The Board may approve a mid-year adjustment provided the need for an adjustment is substantiated by an actuarial determination or more current experience rating. The only publication or notice requirements that shall apply to the Schedule of Benefits shall be those requirements provided in the Oklahoma Open Meeting Act. It is the intent of the Legislature that the benefits provided not include cosmetic dental procedures except for certain orthodontic procedures as adopted by the Board.

SECTION 9. AMENDATORY 74 O.S. 1991, Section 1332, as last amended by Section 49, Chapter 353, O.S.L. 2000 (74 O.S. Supp. 2000, Section 1332), is amended to read as follows:

Section 1332. A. The State and Education Employees Group Insurance Board shall establish a Disability Insurance Program for state employees. The program shall consist of a long-term disability plan and a short-term disability plan. Participation in the program shall be limited to state employees who have been state employees for a period of not less than one (1) month and who are eligible for enrollment in the Health Insurance Plan administered by the Board. No state employee shall be eligible to receive any benefits from the long-term disability program unless the state employee has used all of the sick leave of the employee. The Board shall promulgate such rules as are necessary for adoption and administration of the Disability Insurance Program, including but not limited to benefit eligibility requirements, methods for computing benefit amounts, benefits amounts, and verification of medical and health status of employees applying for or receiving benefits. ~~Provided, no preexisting condition limitation or waiting period shall be assessed against any state employee prior to or as a~~

~~condition of receiving benefits for short or long term disability coverage under the Disability Insurance Program. As it pertains to preexisting conditions and waiting periods, the loss shall begin after the effective date of coverage and during the period that coverage is in force.~~

B. The Disability Insurance Program shall be funded from appropriations made by the Legislature. Employees shall not be required to make contributions to participate in the program.

C. Employee disability insurance coverage shall begin on March 1, 1986.

D. The Board shall establish a grievance procedure by which a three-member grievance panel established in the same manner as specified in paragraph ~~(f)~~ (6) of Section 1306 of this title shall act as an appeals body for complaints regarding the allowance and payment of claims, eligibility, and other matters. The grievance procedure provided by this subsection shall be the exclusive remedy available to persons having complaints against the insurer. Such grievance procedure shall be subject to the Oklahoma Administrative Procedures Act, including provisions for the review of agency decisions by the district court. The grievance panel shall schedule a hearing regarding the allowance and payment of claims, eligibility and other matters within sixty (60) days from the date the grievance panel receives a written request for a hearing. Upon written request to the grievance panel received not less than ten (10) days before the hearing date, the grievance panel shall cause a full stenographic record of the proceedings to be made by a licensed or certified court reporter at the insured employee's expense.

E. The Board may establish a claim processing division for claims administration or may contract for claims administration services with a private insurance carrier or a company that specializes in claims administration of any insurance that the Board may be directed to offer.

SECTION 10. AMENDATORY Section 9, Chapter 400, O.S.L. 1992, as amended by Section 6, Chapter 255, O.S.L. 1999 (74 O.S. Supp. 2000, Section 1369), is amended to read as follows:

Section 1369. A. A state employee shall be eligible to participate in the plan commencing July 1 of the plan year beginning July 1, 2001, and commencing January 1 for any plan year beginning after January 1, 2002, provided such employee qualifies as a participant as provided in this act. ~~For the plan year beginning July 1, 2001, and ending December 31, 2001, the deductible amounts for each plan offered shall be reduced by one-half (1/2) of the full one-year deductible amount.~~

B. Except to the extent a benefit plan provides otherwise, each participant's eligibility to participate in the plan and each benefit plan shall terminate on the participant's termination.

C. Each of the benefit plans incorporated in the plan may have its own eligibility requirements for participation which differ from those set forth in the plan to govern participation in the plan. The eligibility requirements set forth in the plan relate only to participation in the plan and shall have no effect on such eligibility requirements.

SECTION 11. Section 5 of this act shall become effective July 1, 2002.

SECTION 12. 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.

48-1-134

SJ

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