ENROLLED SENATE
BILL NO. 896

By: Nichols of the Senate

and

Peterson (Ron) of the House

An Act relating to state government; amending 74 O.S. 2001, Section 1304, as amended by Section 1, Chapter 196.1 O.S.L. 2002 (74 O.S. Supp. 2004, Section 1304), which relates to State and Education Employees Group Insurance Board; authorizing Board to enter into certain contract; establishing parameters for contract; creating the Task Force on State and Education Employee Insurance; providing for makeup of task force; requiring actuarial study of state health insurance plan; setting parameters of study; requiring certain report; providing for noncodification; 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. 2001, Section 1304, as amended by Section 1, Chapter 196, O.S.L. 2002 (74 O.S. Supp. 2004, Section 1304), is amended to read as follows:

Section 1304. (1) There is hereby created the State and Education Employees Group Insurance Board which shall consist of eight (8) members as follows: The State Insurance Commissioner, or the Commissioner's designee who shall be an employee of the Insurance Department, the Director of the Office of State Finance, two members appointed by the Governor, two members appointed by the Speaker of the House of Representatives, and two members appointed by the President Pro Tempore of the Senate. The appointed members shall each receive compensation of Five Hundred Dollars ($500.00) per month. Appointed members who fail to attend a regularly scheduled monthly meeting of the Board shall not receive the related monthly compensation. In the event an appointed member does not attend at least seventy-five percent (75%) of the regularly scheduled monthly meetings of the Board during a calendar year, the appointing authority may remove the member. A member may also be removed for any other cause as provided by law. A vacancy in the office of the appointed member shall be filled for the unexpired term of office in the same manner as the original appointment.

(2) The initial term of office of the members appointed by the Governor shall expire on January 14, 1991. The members thereafter

appointed by the Governor shall serve a term of office of four (4) years which is coterminous with the term of office of the office of the appointing authority.

(3) The initial term of office of one of the members appointed each by the Speaker of the House of Representatives and by the President Pro Tempore of the Senate shall be for the period ending June 30, 1992. The initial term of office of the other member appointed each by the Speaker of the House of Representatives and by the President Pro Tempore of the Senate shall be for the period ending June 30, 1994. Thereafter, the term of office of the members appointed by the Speaker of the House of Representatives and by the President Pro Tempore of the Senate shall be four (4) years.

(4) The appointed members shall:

(a) have demonstrated professional experience in investment or funds management, public funds management, public or private group health or pension fund management, or group health insurance management; or

(b) be licensed to practice law in this state and have demonstrated professional experience in commercial matters; or

(c) be licensed by the Oklahoma Accountancy Board to practice in this state as a public accountant or a certified public accountant.

In making appointments that conform to the requirements of this subsection, at least one (1) but not more than three (3) members shall be appointed each from paragraphs (b) and (c) of this subsection by the combined appointing authorities.

(5) No appointed member of the State and Education Employees Group Insurance Board shall be a lobbyist registered in this state as provided by law, a health care provider, a plan participant, be employed, directly or indirectly, by any insurance company or carrier, or health care provider, or be employed directly or indirectly, by any firm under contract to the Board for any goods or services whatsoever. Provided, however, if an appointed member of the Board was a plan participant of any insurance plans offered by the Board at the time the member was appointed to serve as a member of the Board, and the appointed member of the Board forfeited participation in the insurance plans in order to serve on the Board, the member of the Board may resume participation in said insurance plans upon leaving the Board.

(6) The State and Education Employees Group Insurance Board shall not be subject to the provisions of the Oklahoma Sunset Law, Section 3901 et seq. of this title.

(7) The Attorney General shall furnish the Board with legal representation.

(8) The Court Administrator shall designate grievance panel members as shall be necessary. The members of the grievance panel shall consist of two attorneys licensed to practice law in this

state and one state licensed health care professional or health care administrator who has at least three (3) years practical experience, has had or has admitting privileges to a State of Oklahoma hospital, has a working knowledge of prescription medication, or has worked in an administrative capacity at some point in their career. The state health care professional shall be appointed by the Governor.

(9) The Board shall at its first meeting elect one of its members as chair. ~~He~~ The chair shall preside over meetings of the Board and perform such other duties as may be required by the Board.

(10) The Board shall elect another member to serve as vice-chair who shall perform the duties of the chair in the absence of the latter or upon the inability or refusal to act.

(11) The Board shall also elect a secretary who shall keep minutes of all meetings and who shall certify to actions of the Board.

(12) The Board shall adopt rules requiring payment for medical and dental services and treatment rendered by duly licensed hospitals, physicians and dentists. Unless the Board has otherwise contracted with the out-of-state health care provider, the Board shall reimburse for medical services and treatment rendered and charged by an out-of-state health care provider at least at the same percentage level as the network percentage level of the fee schedule established by the State and Education Employees Group Insurance Board if the insured employee was referred to the out-of-state health care provider by a physician or it was an emergency situation and the out-of-state provider was the closest in proximity to the place of residence of the employee which offers the type of health care services needed. For purposes of this paragraph, health care providers shall include, but not be limited to, physicians, dentists, hospitals and special care facilities.

(13) The Board may contract with a pay-for-performance program provider. The contract shall be with a group practice of a medical school with at least three hundred fifty providers in its panel for a statistically significant demonstration project among employee enrollees that select to participate in the program. The purpose of the program is to test a program's value proposition that offers financial incentives to both the health care provider and the patient for incorporating evidence-based medicine guidelines and information therapy prescriptions in the rendering and utilizing of health care. This program must offer the health care provider the flexibility to use the health care provider's clinical judgment to adhere to or deviate from the program's guidelines and still receive a financial incentive as long as the health care provider prescribes information therapy to the patient. The program shall offer a financial reward to the patient for responding to the information therapy prescription by demonstrating the patient's understanding of the patient's health condition, by demonstrating adherence to recommended care, and by judging the quality of care given to the patient against these guidelines. The program shall be offered and administered through an Internet application. This demonstration project shall collect and analyze data over a period of two (2) years in order to determine its effectiveness.

(14) The State and Education Employees Group Insurance Board may enter into a contract with out-of-state providers in connection with any PPO or hospital or medical network plan which shall include, but not be limited to, special care facilities and hospitals outside the borders of the State of Oklahoma. The contract for out-of-state providers shall be identical to the in-state provider contracts. The State and Education Employees Group Insurance Board may negotiate for discounts from billed charges when the out-of-state provider is not a network provider and the member sought services in an emergency situation, when the services were not otherwise available in the State of Oklahoma or when the Administrator approved the service as an exceptional circumstance.

~~(14)~~ (15) The Administrator shall appoint an advisory committee to the State and Education Employees Group Insurance Board. The advisory committee shall consist of seven (7) members. Of the members appointed to the advisory committee, at least one member must be an active state employee, at least one member must be a retired state employee, at least one member must be an active education employee, at least one member must be a retired education employee, and at least one member must be either an active county employee or a retired county employee.

SECTION 2. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

A. There is hereby created the "Task Force on State and Education Employee Insurance" to sunset on December 31, 2006. The purpose of the task force is to provide plan design alternatives for the State and Education Employees Group Health Insurance Plan.

B. The task force shall consist of five (5) members as follows:

1. Two members of the Senate to be appointed by the President Pro Tempore of the Senate;

2. Two members of the House of Representatives to be appointed by the Speaker of the House; and

3. The Director of the Office of State Finance, or designee.

C. The Director of the Office of State Finance shall convene an organizational meeting of the task force no later than September 1, 2005. The members of the task force shall elect a chair and vice-chair.

D. The task force shall meet at such times and places as deemed necessary to perform its duties as specified in this section. Meetings shall be held at the call of the chair. Staffing assistance for the task force shall be provided by the Office of State Finance.

E. Members of the task force shall receive no compensation for serving on the task force, but may receive travel reimbursement as follows:

1. Legislative members of the task force may be reimbursed for necessary travel expenses incurred in the performance of their duties in accordance with Section 456 of Title 74 of the Oklahoma Statutes, from the legislative body in which they serve; and

2. Other members of the task force may be reimbursed for travel expenses incurred in the performance of their duties by their respective appointing authorities in accordance with the State Travel Reimbursement Act.

F. The task force shall:

1. Through the Office of State Finance, contract with an actuary to study plan design and funding alternatives for the State and Education Employees Group Health Insurance Plan;

2. Set the scope and parameters of the study. The actuarial study will include, but not be limited to:

a. the State and Education Employees Group Insurance Board (OSEEGIB) offering a point-of-service (POS) product, either in addition to or in the place of the current plan,

b. limiting choices to those offered by the state self-insured plan,

c. pharmaceutical plan design and pharmaceutical benefit manager options,

d. increasing the provider network offered by OSEEGIB,

e. comparing the plan offered to state employees and teachers to those offered by similar employers, other states and the federal government,

f. OSEEGIB offering a Health Savings Account in addition to the current plan,

g. OSEEGIB requiring state employees to participate in a wellness program offered by OSEEGIB,

h. OSEEGIB offering a consumer-driven health benefit plan in addition to the current plan, and

i. limiting options of those offered through private insurance companies; and

3. Submit a report on the findings and recommendations of the task force to the Governor and Legislature by February 1, 2006.

SECTION 3. This act shall become effective July 1, 2005.

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 Senate the 26th day of May, 2005.

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Presiding Officer of the Senate

Passed the House of Representatives the 27th day of May, 2005.

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Presiding Officer of the House
of Representatives