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**THE STATE SENATE**  
**Wednesday, March 1, 2006**

**Committee Substitute for**  
**Senate Bill No. 1601**

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 1601 - By: EASON McINTYRE  
of the Senate and LIOTTA of the House.

[ State government - employee benefits - codification -  
effective date -  
emergency ]

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

SECTION 1. AMENDATORY 74 O.S. 2001, Section 1303, as  
amended by Section 1, Chapter 354, O.S.L. 2004 (74 O.S. Supp. 2005,  
Section 1303), is amended to read as follows:

Section 1303. For the purposes of and as used in the State and  
Education Employees Group Insurance Act:

1. "Board" means the State and Education Employees Group  
Insurance Board as created by the State and Education Employees  
Group Insurance Act;

2. "Employee" means those state employees, education employees  
and other eligible employees participating in the State and  
Education Employees Group Insurance Act;

3. "Education Employee" means those employees other than  
adjunct professors employed by a state institution of higher  
education, in the service of an education entity who are members or  
are or will be eligible to become members of the Teachers'

1 Retirement System of Oklahoma and who receive compensation for such  
2 service after the education entity begins to participate in the  
3 State and Education Employees Group Insurance Act and visiting  
4 faculty who are not eligible for membership in the Teachers'  
5 Retirement System of Oklahoma;

6 4. "Adjunct Professor" means a person employed by an  
7 institution of higher education who is attached in a subordinate or  
8 temporary capacity to the faculty or staff, and who is contracted to  
9 instruct in a given specific discipline;

10 5. "Visiting Faculty" means a person employed by an institution  
11 of higher education who is not eligible for academic rank or tenure,  
12 other than an adjunct professor, and who is contracted to instruct  
13 in a given specific discipline generally not to exceed one (1)  
14 academic year;

15 6. "Education Entity" means a school district, a technology  
16 center school district, or an institution comprising The Oklahoma  
17 State System of Higher Education;

18 7. "State Employee" means and includes each officer or employee  
19 in the service of the State of Oklahoma who, after January 1, 1966,  
20 received compensation for service rendered to the State of Oklahoma  
21 on a warrant issued pursuant to a payroll certified by a department  
22 or by an elected or duly appointed officer of the state or who  
23 receives payment for the performance of personal services on a

1 warrant issued pursuant to a payroll certified by a department and  
2 drawn by the State Treasurer against appropriations made by the  
3 Legislature from any state fund or against trust funds held by the  
4 State Treasurer, who is employed in a position normally requiring  
5 actual performance of duty during not less than one thousand (1,000)  
6 hours per year, and whose employment is not seasonal or temporary,  
7 except that a person elected by popular vote will be considered an  
8 employee during the person's tenure in office; provided, however,  
9 that employees who are otherwise eligible who are on approved leave  
10 without pay shall be eligible to continue coverage during such leave  
11 not to exceed twenty-four (24) months, as provided in the Merit  
12 Rules for Employment published by the Office of Personnel  
13 Management, from the date the employee goes on such leave provided  
14 the employee pays the full premiums due or persons who are drawing  
15 disability benefits under Section 1331 et seq. of this title or meet  
16 each and every requirement of the State Employees Disability Program  
17 shall be eligible to continue coverage provided the person pays the  
18 full premiums due;

19 8. "Carrier" means the State of Oklahoma or a state designated  
20 Health Maintenance Organization (HMO). Such HMO shall be a  
21 federally qualified Health Maintenance Organization under 42 U.S.C.,  
22 Section 300e et seq.;

1           9. "Health Insurance Plan" means a self-insured plan by the  
2 State of Oklahoma for the purpose of paying the cost of hospital and  
3 medical care up to the maximum coverage provided by said plan or  
4 prepaid medical plan(s) offered to employees as an alternative to  
5 the state-administered plan by federally qualified HMOs which have  
6 contracted with the state;

7           10. "Life Insurance Plan" means a self-insured plan for the  
8 purpose of paying death and dismemberment benefits up to the maximum  
9 coverage provided by the plan;

10           11. "Dental Benefits Plan" means a plan by the State of  
11 Oklahoma for the purpose of paying the cost of dental care up to the  
12 maximum coverage provided by the plan; whenever the term "Dental  
13 Insurance Plan" or a term of like import appears in the State and  
14 Education Employees Group Insurance Act, the term shall mean "Dental  
15 Benefits Plan";

16           12. "Other insurance" means any type of coverage other than  
17 basic hospital and medical benefits, major medical benefits,  
18 comprehensive benefits, life insurance benefits or dental insurance  
19 benefits, which the Board may be directed to offer;

20           13. "Dependent" means an employee's spouse or any unmarried  
21 child (1) under the age of ~~nineteen (19)~~ twenty-three (23) years,  
22 regardless of residence, provided that the employee is primarily  
23 responsible for their support, including (a) an adopted child and

1 (b) a stepchild or child who lives with the employee in a regular  
2 parent-child relationship, or (2) ~~under the age of twenty-five (25)~~  
3 ~~and who is dependent upon the employee for support who is enrolled~~  
4 ~~as a full-time student at an accredited secondary school, college,~~  
5 ~~university, or institution of higher learning accredited by the~~  
6 ~~State Department of Education, State Board of Career and Technology~~  
7 ~~Education, Oklahoma State Regents for Higher Education, or the~~  
8 ~~Oklahoma Board of Private Vocational Schools, and (3) regardless of~~  
9 age who is incapable of self-support because of mental or physical  
10 incapacity that existed prior to reaching the age of ~~nineteen (19)~~  
11 twenty-three (23) years;

12 14. "Comprehensive benefits" means benefits which reimburse the  
13 expense of hospital room and board, other hospital services, certain  
14 outpatient expenses, maternity benefits, surgical expense, including  
15 obstetrical care, in-hospital medical care expense, diagnostic  
16 radiological and laboratory benefits, physicians' services provided  
17 by house and office calls, treatments administered in physicians'  
18 office, prescription drugs, psychiatric services, Christian Science  
19 practitioners' services, Christian Science nurses' services,  
20 optometric medical services for injury or illness of the eye, home  
21 health care, home nursing service, hospice care, and such other  
22 benefits as may be determined by the Board. Such benefits shall be  
23 provided on a copayment or coinsurance basis, the insured to pay a

1 proportion of the cost of such benefits, and may be subject to a  
2 deductible that applies to all or part of the benefits as determined  
3 by the Board; and

4 15. "Life insurance coverage" shall include a maximum amount of  
5 basic life insurance or benefit with or without a double indemnity  
6 provision and an amount of accidental death and dismemberment  
7 insurance or benefit per employee to be provided by the State of  
8 Oklahoma, and the employee shall have the option to purchase  
9 additional life insurance or benefits on the employee's life up to  
10 the amount provided by the plan. Such basic life insurance  
11 benefits, with or without double indemnity, and accidental death and  
12 dismemberment benefits shall not exclude coverage for death or  
13 dismemberment resulting from war, insurrection or riot. The Board  
14 may also extend dependent life insurance in an amount to be  
15 determined by the Board to each insured employee who elects to  
16 insure the employee's eligible dependents. Premiums for the  
17 dependent life insurance shall be paid wholly by the employee.

18 SECTION 2. AMENDATORY 74 O.S. 2001, Section 1304, as  
19 last amended by Section 1, Chapter 478, O.S.L. 2005 (74 O.S. Supp.  
20 2005, Section 1304), is amended to read as follows:

21 Section 1304. (1) There is hereby created the State and  
22 Education Employees Group Insurance Board which shall consist of  
23 eight (8) members as follows: The State Insurance Commissioner, or

1 the Commissioner's designee who shall be an employee of the  
2 Insurance Department, the Director of the Office of State Finance,  
3 two members appointed by the Governor, two members appointed by the  
4 Speaker of the House of Representatives, and two members appointed  
5 by the President Pro Tempore of the Senate. The appointed members  
6 shall each receive compensation of Five Hundred Dollars (\$500.00)  
7 per month. Appointed members who fail to attend a regularly  
8 scheduled monthly meeting of the Board shall not receive the related  
9 monthly compensation. In the event an appointed member does not  
10 attend at least seventy-five percent (75%) of the regularly  
11 scheduled monthly meetings of the Board during a calendar year, the  
12 appointing authority may remove the member. A member may also be  
13 removed for any other cause as provided by law. A vacancy in the  
14 office of the appointed member shall be filled for the unexpired  
15 term of office in the same manner as the original appointment.

16 (2) The initial term of office of the members appointed by the  
17 Governor shall expire on January 14, 1991. The members thereafter  
18 appointed by the Governor shall serve a term of office of four (4)  
19 years which is coterminous with the term of office of the office of  
20 the appointing authority.

21 (3) The initial term of office of one of the members appointed  
22 each by the Speaker of the House of Representatives and by the  
23 President Pro Tempore of the Senate shall be for the period ending

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

7 (4) The appointed members shall:

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

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

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

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

21 (5) No appointed member of the State and Education Employees  
22 Group Insurance Board shall be a lobbyist registered in this state  
23 as provided by law, a health care provider, a plan participant, be

1 employed, directly or indirectly, by any insurance company or  
2 carrier, or health care provider, or be employed directly or  
3 indirectly, by any firm under contract to the Board for any goods or  
4 services whatsoever. Provided, however, if an appointed member of  
5 the Board was a plan participant of any insurance plans offered by  
6 the Board at the time the member was appointed to serve as a member  
7 of the Board, and the appointed member of the Board forfeited  
8 participation in the insurance plans in order to serve on the Board,  
9 the member of the Board may resume participation in said insurance  
10 plans upon leaving the Board.

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

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

16 (8) The Court Administrator shall designate grievance panel  
17 members as shall be necessary. The members of the grievance panel  
18 shall consist of two attorneys licensed to practice law in this  
19 state and one state licensed health care professional or health care  
20 administrator who has at least three (3) years practical experience,  
21 has had or has admitting privileges to a State of Oklahoma hospital,  
22 has a working knowledge of prescription medication, or has worked in  
23 an administrative capacity at some point in their career. The state

1 health care professional shall be appointed by the Governor. At the  
2 Governor's discretion, one or more qualified individuals may also be  
3 appointed as an alternate to serve on the grievance panel in the  
4 event the Governor's primary appointee becomes unable to serve.

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

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

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

14 (12) The Board shall adopt rules requiring payment for medical  
15 and dental services and treatment rendered by duly licensed  
16 hospitals, physicians and dentists. Unless the Board has otherwise  
17 contracted with the out-of-state health care provider, the Board  
18 shall reimburse for medical services and treatment rendered and  
19 charged by an out-of-state health care provider at least at the same  
20 percentage level as the network percentage level of the fee schedule  
21 established by the State and Education Employees Group Insurance  
22 Board if the insured employee was referred to the out-of-state  
23 health care provider by a physician or it was an emergency situation

1 and the out-of-state provider was the closest in proximity to the  
2 place of residence of the employee which offers the type of health  
3 care services needed. For purposes of this paragraph, health care  
4 providers shall include, but not be limited to, physicians,  
5 dentists, hospitals and special care facilities.

6 (13) The Board may contract with a pay-for-performance program  
7 provider. The contract shall be with a group practice of a medical  
8 school with at least three hundred fifty providers in its panel for  
9 a statistically significant demonstration project among employee  
10 enrollees that select to participate in the program. The purpose of  
11 the program is to test a program's value proposition that offers  
12 financial incentives to both the health care provider and the  
13 patient for incorporating evidence-based medicine guidelines and  
14 information therapy prescriptions in the rendering and utilizing of  
15 health care. This program must offer the health care provider the  
16 flexibility to use the health care provider's clinical judgment to  
17 adhere to or deviate from the program's guidelines and still receive  
18 a financial incentive as long as the health care provider prescribes  
19 information therapy to the patient. The program shall offer a  
20 financial reward to the patient for responding to the information  
21 therapy prescription by demonstrating the patient's understanding of  
22 the patient's health condition, by demonstrating adherence to  
23 recommended care, and by judging the quality of care given to the

1 patient against these guidelines. The program shall be offered and  
2 administered through an Internet application. This demonstration  
3 project shall collect and analyze data over a period of two (2)  
4 years in order to determine its effectiveness.

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

17 (15) The Administrator shall appoint an advisory committee to  
18 the State and Education Employees Group Insurance Board. The  
19 advisory committee shall consist of seven (7) members. Of the  
20 members appointed to the advisory committee, at least one member  
21 must be an active state employee, at least one member must be a  
22 retired state employee, at least one member must be an active  
23 education employee, at least one member must be a retired education

1 employee, and at least one member must be either an active county  
2 employee or a retired county employee.

3 SECTION 3. AMENDATORY 74 O.S. 2001, Section 1306, as  
4 last amended by Section 1, Chapter 450, O.S.L. 2005 (74 O.S. Supp.  
5 2005, Section 1306), is amended to read as follows:

6 Section 1306. The State and Education Employees Group Insurance  
7 Board shall administer and manage the group insurance plans and the  
8 flexible benefits plan and, subject to the provisions of the State  
9 and Education Employees Group Insurance Act and the State Employees  
10 Flexible Benefits Act, shall have the following powers and duties:

11 1. The preparation of specifications for such insurance plans  
12 as the Board may determine to be appropriate;

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

17 3. The determination of the methods of claims administration  
18 under such insurance and benefit plans as the Board may offer;

19 4. The determination of the eligibility of employees and their  
20 dependents to participate in each of the Group Insurance Plans and  
21 in such other insurance and benefit plans as the Board may offer and  
22 the eligibility of employees to participate in the Life Insurance

1 Plan provided that evidence of insurability shall not be a  
2 requirement in determining an employee's initial eligibility;

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

6 6. The establishment of a grievance procedure by which a three-  
7 member grievance panel shall act as an appeals body for complaints  
8 by insured employees regarding the allowance and payment of claims,  
9 eligibility, and other matters. Except for grievances settled to  
10 the satisfaction of both parties prior to a hearing, any person who  
11 requests in writing a hearing before the grievance panel shall  
12 receive a hearing before the panel. The grievance procedure  
13 provided by this paragraph shall be the exclusive remedy available  
14 to insured employees having complaints against the insurer. Such  
15 grievance procedure shall be subject to the Oklahoma Administrative  
16 Procedures Act, including provisions thereof for review of agency  
17 decisions by the district court. The grievance panel shall schedule  
18 a hearing regarding the allowance and payment of claims, eligibility  
19 and other matters within sixty (60) days from the date the grievance  
20 panel receives a written request for a hearing unless the panel  
21 orders a continuance for good cause shown. Upon written request by  
22 the insured employee to the grievance panel and received not less  
23 than ten (10) days before the hearing date, the grievance panel

1 shall cause a full stenographic record of the proceedings to be made  
2 by a competent court reporter at the insured employee's expense;

3 7. The continuing study of the operation of such insurance and  
4 benefit plans as the Board may offer including such matters as gross  
5 and net costs, administrative costs, benefits, utilization of  
6 benefits, and claims administration;

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

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

14 10. a. To select and contract with federally qualified Health  
15 Maintenance Organizations under the provisions of 42  
16 U.S.C., Section 300e et seq. or with Health  
17 Maintenance Organizations ~~licensed~~ granted a  
18 certificate of authority by the ~~Department of Health~~  
19 Insurance Commissioner pursuant to Sections ~~2501~~ 6901  
20 through ~~2510~~ 6951 of Title ~~63~~ 36 of the Oklahoma  
21 Statutes for consideration by employees as an  
22 alternative to the state self-insured health plan, and  
23 to transfer to the HMOs such funds as may be approved

1 for an employee electing HMO alternative services.  
2 The Board may also select and contract with a vendor  
3 to offer a point-of-service plan. An HMO may offer  
4 coverage through a point-of-service plan, subject to  
5 the guidelines established by the Board. However, if  
6 the Board chooses to offer a point-of-service plan,  
7 then a vendor that offers both an HMO plan and a  
8 point-of-service plan may choose to offer only its  
9 point-of-service plan in lieu of offering its HMO  
10 plan.

11 b. Benefit plan contracts with the State and Education  
12 Employees Group Insurance Board, Health Maintenance  
13 Organizations, and other third-party insurance vendors  
14 shall provide for a risk adjustment factor for adverse  
15 selection that may occur, as determined by the Board,  
16 based on generally accepted actuarial principles. The  
17 risk adjustment factor shall include all members  
18 participating in the plans offered by the State and  
19 Education Employees Group Insurance Board. The  
20 Oklahoma State Employees Benefits Council shall  
21 contract with an actuary to provide the above  
22 actuarial services, and shall be reimbursed for these  
23 contract expenses by the Board.

1 c. Effective for the plan year beginning ~~July 1, 1997~~  
2 January 1, 2007, and for each plan year thereafter, in  
3 setting health insurance premiums for active employees  
4 and for retirees under sixty-five (65) years of age,  
5 HMOs, self-insured organizations and prepaid plans  
6 shall set the monthly premium for active employees ~~at~~  
7 ~~a maximum of Ninety Dollars (\$90.00) less than the~~  
8 monthly to be equal to the premium for retirees under  
9 sixty-five (65) years of age;

10 11. To contract for reinsurance, catastrophic insurance, or any  
11 other type of insurance deemed necessary by the Board. Provided,  
12 however, that the Board shall not offer a health plan which is owned  
13 or operated by the state and which utilizes a capitated payment plan  
14 for providers which uses a primary care physician as a gatekeeper to  
15 any specialty care provided by physician-specialists, unless  
16 specifically authorized by the Legislature;

17 12. The Board, pursuant to the provisions of Section 250 et  
18 seq. of Title 75 of the Oklahoma Statutes, shall adopt such rules  
19 consistent with the provisions of the State and Education Employees  
20 Group Insurance Act as it deems necessary to carry out its statutory  
21 duties and responsibilities. Emergency Rules adopted by the Board  
22 and approved by the Governor which are in effect on the first day of

1 the Regular Session of the Oklahoma Legislature shall not become  
2 null and void until January 15 of the subsequent calendar year;

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

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

16 15. The Board shall approve the amount of employee premiums and  
17 dependent premiums for such insurance plans as the Board shall  
18 offer for the next plan year no later than the bid submission date  
19 for health maintenance organizations set by the Oklahoma State  
20 Employees Benefits Council, which shall be set no later than the  
21 third Friday of August. Except as otherwise provided for in Section  
22 1321 of this title, the Board shall not have the authority to adjust  
23 the premium rates after approval. The Board shall submit notice of

1 the amount of employee premiums and dependent premiums along with an  
2 actuarial projection of the upcoming fiscal year's enrollment,  
3 employee contributions, employer contributions, investment earnings,  
4 paid claims, internal expenses, external expenses and changes in  
5 liabilities to the Director of the Office of State Finance and the  
6 Director of the Legislative Service Bureau no later than March 1 of  
7 the previous fiscal year.

8 ~~In~~ Effective for the plan year beginning January 1, 2007, and  
9 for each plan year thereafter, in setting health insurance premiums  
10 for active employees and retirees under sixty-five (65) years of  
11 age, the Board shall set the monthly premium for active employees ~~at~~  
12 ~~a maximum of Ninety Dollars (\$90.00) less than~~ to be equal to the  
13 monthly premium for retirees under sixty-five (65) years of age;

14 16. Before December 1 of each year the Board shall submit to  
15 the Director of the Office of State Finance a report outlining the  
16 financial condition for the previous fiscal year of all insurance  
17 plans offered by the Board. The report shall include a complete  
18 explanation of all reserve funds and the actuarial projections on  
19 the need for such reserves. The report shall include and disclose  
20 an estimate of the future trend of medical costs, the impact from  
21 HMO enrollment, antiselection, changes in law, and other  
22 contingencies that could impact the financial status of the plan.  
23 The Director of the Office of State Finance shall make written

1 comment on the report and shall provide such comment, along with the  
2 report submitted by the Board, to the Governor, the President Pro  
3 Tempore of the Senate, the Speaker of the House of Representatives  
4 and the Chair of the Oklahoma State Employees Benefits Council by  
5 January 15;

6 17. The Board shall establish a prescription drug card network;

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

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

18 20. Beginning with the plan year which begins on January 1,  
19 2006, the Board shall select and contract with one or more providers  
20 to offer a group TRICARE Supplement product to eligible employees  
21 who are eligible TRICARE beneficiaries. Any membership dues  
22 required to participate in a group TRICARE Supplement product  
23 offered pursuant to this paragraph shall be paid by the employee.

1 As used in this paragraph, "TRICARE" means the Department of Defense  
2 health care program for active duty and retired uniform service  
3 members and their families;

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

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

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

7           22. The State and Education Employees Group Insurance Board  
8 shall annually collect its own set of performance measures  
9 comparable to the Health Plan Employer Data and Information Set  
10 (HEDIS) for the purpose of assessing the quality of its HealthChoice  
11 plans and the other services it provides.

12           SECTION 4.           NEW LAW           A new section of law to be codified  
13 in the Oklahoma Statutes as Section 1309.1 of Title 74, unless there  
14 is created a duplication in numbering, reads as follows:

15           Any dependent shall be allowed to remain covered as a dependent  
16 under the State and Education Employees Group Insurance Act up to  
17 the age of twenty-five (25) years if the dependent:

18           1. Is covered as an unmarried dependent under the State and  
19 Education Employees Group Insurance Act on the day immediately  
20 preceding the effective date of this act;

21           2. Remains unmarried and is over the age of twenty-two (22)  
22 years and under the age of twenty-five (25) years;

1           3. Is dependent upon the employee for support and enrolled as a  
2 full-time student at an accredited secondary school, college,  
3 university, or institution of higher learning accredited by the  
4 State Department of Education, State Board of Career and Technology  
5 Education, Oklahoma State Regents for Higher Education, or the  
6 Oklahoma Board of Private Vocational Schools; and

7           4. Has no break in coverage under the State and Education  
8 Employees Group Insurance Act from the age of twenty-three (23)  
9 years up to the age of twenty-five (25) years.

10           SECTION 5.           AMENDATORY           74 O.S. 2001, Section 1321, as  
11 last amended by Section 4, Chapter 198, O.S.L. 2005 (74 O.S. Supp.  
12 2005, Section 1321), is amended to read as follows:

13           Section 1321. A. The Board shall have the authority to  
14 determine all rates and life, dental and health benefits. All rates  
15 shall be compiled in a comprehensive Schedule of Benefits. The  
16 Schedule of Benefits shall be available for inspection during  
17 regular business hours at the office of the State and Education  
18 Employees Group Insurance Board. The Board shall have the authority  
19 to annually adjust the rates and benefits based on claim experience.

20           B. The premiums for such insurance plans offered for the next  
21 plan year shall be established as follows:

22           1. For ~~current~~ active employees and their dependents, the  
23 Board's premium determination shall be made no later than the bid

1 submission date for health maintenance organizations set by the  
2 Oklahoma State Employees Benefits Council, which shall be set in  
3 August no later than the third Friday of that month; and

4 2. For all other covered members and dependents, the Board's  
5 and the health maintenance organizations' premium determinations  
6 shall be no later than the fourth Friday of September.

7 C. The Board may approve a mid-year adjustment provided the  
8 need for an adjustment is substantiated by an actuarial  
9 determination or more current experience rating. The only  
10 publication or notice requirements that shall apply to the Schedule  
11 of Benefits shall be those requirements provided in the Oklahoma  
12 Open Meeting Act. It is the intent of the Legislature that the  
13 benefits provided not include cosmetic dental procedures except for  
14 certain orthodontic procedures as adopted by the Board.

15 SECTION 6. AMENDATORY 74 O.S. 2001, Section 1315, as  
16 last amended by Section 4, Chapter 345, O.S.L. 2004 (74 O.S. Supp.  
17 2005, Section 1315), is amended to read as follows:

18 Section 1315. A. Upon application in writing and subject to  
19 any underwriting criteria that may be established by the State and  
20 Education Employees Group Insurance Board, the Board may extend the  
21 benefits of the State and Education Employees Group Health and Life  
22 Insurance Plans to employees who are employed in positions requiring

1 actual performance of duty during not less than one thousand (1,000)  
2 hours per year and to all full-time employees of:

3 1. Any of the following groups which participate in the  
4 Oklahoma Public Employees Retirement System:

5 a. county,

6 b. city,

7 c. town,

8 d. public trust for which the state is the primary  
9 beneficiary, or

10 e. conservation districts, including directors of  
11 conservation districts; and

12 2. Any of the following groups:

13 a. county hospital,

14 b. rural water district, including employees and board  
15 members,

16 c. sewer district,

17 d. gas district,

18 e. solid waste management district,

19 f. nonprofit water corporation employees and board  
20 members,

21 g. conservancy district or master conservancy district  
22 authorized by the provisions of Section 541 of Title  
23 82 of the Oklahoma Statutes,

- 1           h.   voluntary organization of Oklahoma local government  
2                   jurisdictions listed in Section 2003 of Title 62 of  
3                   the Oklahoma Statutes including any council created by  
4                   the voluntary organizations,
- 5           i.   voluntary association designated to administer the  
6                   County Government Council as authorized in Section 7  
7                   of Title 19 of the Oklahoma Statutes,
- 8           j.   statewide nonprofit entities representing employees of  
9                   the state or employees of local political subdivisions  
10                  who are eligible for insurance benefits authorized by  
11                  the provisions of the State and Education Employees  
12                  Group Insurance Act, or
- 13          k.   statewide nonprofit entities receiving state funds to  
14                  provide no cost legal services to low income and  
15                  senior citizens.

16          B.   Applications to participate in the State and Education  
17   Employees Group Health and Life Insurance Plans shall be approved by  
18   majority action of the governing body of the groups listed in  
19   subsection A of this section.

20          C.   Groups listed in subsection A of this section participating  
21   in the Oklahoma State and Education Employees Group Health and Life  
22   Insurance Plans shall pay all costs attributable to their  
23   participation.   The benefits of said plans for a participant

1 provided coverage pursuant to this section shall be the same and  
2 shall include the same plan options as would be made available to a  
3 state employee participating in the plan that resided at the same  
4 location. The premium for participating groups listed in subsection  
5 A of this section shall be the same as paid by state and education  
6 employees.

7 D. Participating groups listed in subsection A of this section  
8 shall not be required to offer dental insurance as defined in  
9 paragraph ~~(11)~~ 11 of Section 1303 of this title, or other insurance  
10 as defined in paragraph ~~(12)~~ 12 of Section 1303 of this title.  
11 However, if dental insurance or any other insurance is offered, it  
12 must be provided to all eligible employees. If an employee retires  
13 and begins to receive benefits from the Oklahoma Public Employees  
14 Retirement System or terminates service and has a vested benefit  
15 with the Oklahoma Public Employees Retirement System, the employee  
16 may elect, in the manner provided in Section 1316.2 of this title,  
17 to participate in the dental insurance plan offered through the  
18 State and Education Employees Group Insurance Act within thirty (30)  
19 days from the date of termination of employment. The employee shall  
20 pay the full cost of the dental insurance.

21 E. 1. Any employee of a group listed in subsection A of this  
22 section who retires or who has a vested benefit pursuant to the  
23 Oklahoma Public Employees Retirement System may begin the health

1 insurance coverage if the employer of the employee is not a  
2 participant of the State and Education Employees Group Insurance Act  
3 and does not offer health insurance to its employees. Such election  
4 by the employee to begin coverage shall be made within thirty (30)  
5 days from the date of termination of service.

6 2. Any employee of a group listed in subsection A of this  
7 section who retires or who has a vested benefit pursuant to the  
8 Oklahoma Public Employees Retirement System may begin or continue  
9 the health insurance coverage if the employer of the employee is a  
10 participant of the State and Education Employees Group Insurance Act  
11 and the election to begin or continue coverage is made within thirty  
12 (30) days from the date of termination of service.

13 F. Any county, city, town, county hospital, public trust,  
14 conservation district, or rural water, sewer, gas or solid waste  
15 management district, or nonprofit water corporation, any of which of  
16 the aforementioned groups is not a participating employer in the  
17 Oklahoma Public Employees Retirement System, but which has employees  
18 who are participating in the health, dental or life insurance plans  
19 offered by or through the State and Education Employees Group  
20 Insurance Act on July 1, 1997, may continue to allow its current and  
21 future employees to participate in such health, dental or life  
22 insurance plans. Participation of such employees may also continue  
23 following termination of employment if the employee has completed at

1 least eight (8) years of service with a participating employer and  
2 such an election to continue in force is made within thirty (30)  
3 days following termination of employment. Any retiree or terminated  
4 employee electing coverage pursuant to this section shall pay the  
5 full cost of the insurance.

6 G. An employee of a group listed in paragraph 2 of subsection A  
7 of this section may continue in force health, dental and life  
8 insurance coverage following termination of employment if the  
9 employee has a minimum of eight (8) years of service with a  
10 participating employer and the election to continue in force is made  
11 within thirty (30) calendar days following termination of  
12 employment.

13 H. Notwithstanding other provisions in this section, an  
14 employer listed in subsection A of this section may cease to  
15 participate in the State and Education Employees Group Insurance Act  
16 but provide health insurance coverage for its current and former  
17 employees through another insurance carrier. The subsequent carrier  
18 shall be responsible for providing coverage to the entity's  
19 employees who terminated employment with a retirement benefit, with  
20 a vested benefit, or who have eight (8) or more years of service  
21 with a participating employer but did not have a vested benefit  
22 through the Oklahoma Public Employees Retirement System, if the  
23 election to retain health insurance coverage was made within thirty

1 (30) days of termination of employment. Coverage shall also be  
2 provided to the eligible dependents of the employees if an election  
3 to retain coverage is made within thirty (30) days of termination of  
4 employment. Employees who terminate employment from an employer  
5 covered by this paragraph before December 31, 2001, and elect  
6 coverage under the State and Education Employees Group Insurance  
7 Act, shall not be required to change insurance carriers in the event  
8 that the employer changes its insurance carrier to a subsequent  
9 carrier. The provisions of this subsection shall become effective  
10 January 1, 2002.

11 I. Employers pursuant to subsection A of this section who  
12 participate in the Oklahoma Public Employees Retirement System and  
13 who offer health insurance coverage to their active employees, shall  
14 offer health insurance coverage to those employees who retire from  
15 the employer and also to those employees who terminate employment  
16 and are eligible to elect a vested benefit in the System. Such  
17 employers shall begin offering coverage to such employees on or  
18 before January 1, 2004. Such employees who wish to continue  
19 coverage shall make an election to retain health insurance coverage  
20 within thirty (30) days of termination of employment. However,  
21 former employees of such employers who have already retired or who  
22 have terminated and are eligible to elect a vested benefit under the  
23 Oklahoma Public Employees Retirement System, during the period

1 beginning January 1, 2002, and ending December 31, 2003, may make an  
2 election to begin participation in the plans offered by the State  
3 and Education Employees Group Insurance Board on or before December  
4 31, 2003, in the same manner as other participating retired or  
5 vested members. The employer, assisted by the Oklahoma Public  
6 Employees Retirement System shall notify by October 1, 2003, all  
7 members who have either retired from the System or who are eligible  
8 to elect a vested benefit in the System between January 1, 2002,  
9 through December 31, 2003, and who were employed by an employer  
10 listed in subsection A of this section of the member's potential  
11 eligibility to participate in such plans. Each employer shall  
12 notify the Oklahoma Public Employees Retirement System when an  
13 employee is retiring and makes the election pursuant to this  
14 subsection to continue coverage under a plan offered by such  
15 employer and when an employee terminates employment and is eligible  
16 to elect a vested benefit in the System and such employee elects to  
17 continue coverage under a plan offered by such employer. Such  
18 employer shall also notify the Oklahoma Public Employees Retirement  
19 System if a retired employee or an employee who is eligible to elect  
20 a vested benefit in the System terminates such continued coverage.

21 J. Any group that begins participation in the State and  
22 Education Employees Group Health and Life Insurance Plans after ~~the~~  
23 ~~effective date of this act~~ July 1, 2004, and that is not composed of

1 state or education employees must have one hundred percent (100%)  
2 participation in the health plan offered pursuant to the State and  
3 Education Employees Group Insurance Act.

4 SECTION 7. NEW LAW A new section of law to be codified  
5 in the Oklahoma Statutes as Section 1329 of Title 74, unless there  
6 is created a duplication in numbering, reads as follows:

7 For the Plan Year beginning January 1, 2007, the State and  
8 Education Employees Group Insurance Board shall allow employees who  
9 elect basic dependent life insurance coverage for their eligible  
10 dependents to purchase additional life insurance on such dependents  
11 in an amount up to One Hundred Thousand Dollars (\$100,000.00). The  
12 additional coverage to be purchased by the employee shall be in  
13 increments of Five Thousand Dollars (\$5,000.00). Premiums for the  
14 additional dependent life insurance shall be paid wholly by the  
15 employee.

16 SECTION 8. AMENDATORY 74 O.S. 2001, Section 1344, as  
17 amended by Section 1, Chapter 215, O.S.L. 2005 (74 O.S. Supp. 2005,  
18 Section 1344), is amended to read as follows:

19 Section 1344. A. The Board shall establish a flexible benefits  
20 plan. All state employers as defined in Section 1342 of this title  
21 shall offer the flexible benefits plan to employees.

1           B. Expenses included in an employee's salary adjustment  
2 agreement pursuant to the flexible benefits plan shall be limited to  
3 expenses for:

4           1. Dependent health insurance pursuant to the provisions of  
5 Section 1309 of ~~Title 74 of the Oklahoma Statutes~~ this title;

6           2. Insurance premiums or retirement plan premiums or payments  
7 which are supplemental to insurance or retirement programs offered  
8 by the State of Oklahoma or which are paid for under salary  
9 adjustment agreements pursuant to the provisions of paragraph 1, 3  
10 or 4 of subsection B of Section 7.10 of Title 62 of the Oklahoma  
11 Statutes;

12           3. Dependent care;

13           4. Medical care as defined by the Board; or

14           5. All other eligible programs offered under Title 26, Section  
15 125 et seq. of the Internal Revenue Code of the United States.

16           C. The amount by which an employee's salary is adjusted  
17 pursuant to a salary adjustment agreement shall be excluded from  
18 income in computation of income tax withholding, unemployment  
19 payments and workers' compensation coverage. Such amount shall be  
20 included as income in computation of state retirement contributions  
21 and benefits. Provided, if the inclusions and exclusions provided  
22 in this subsection conflict with the provisions of federal law or

1 regulations pertaining to flexible benefits plans, the Board is  
2 authorized to modify or abolish such inclusions and exclusions.

3 D. The Administrator of the State and Education Employees Group  
4 Insurance Board with approval of the Board shall promulgate rules,  
5 regulations and procedures as necessary for implementation and  
6 administration of the flexible benefits plan.

7 E. The Administrator of the State and Education Employees Group  
8 Insurance Board under the direction of the Board shall contract with  
9 one or more private firms or organizations to administer the  
10 flexible benefits plan. The contract shall be made at no cost to  
11 any employee of the State of Oklahoma.

12 F. All employers shall begin offering the flexible benefits  
13 plan to employees not later than January 1, 1990.

14 G. No less than ~~fifteen (15)~~ thirty (30) working days prior to  
15 the annual deadline for making changes to state employees' benefit  
16 packages, all state agencies shall provide a one-day employee  
17 benefit informational meeting. Representatives of vendors that have  
18 an authorized payroll deduction for state employees pursuant to  
19 Section 7.10 of Title 62 of the Oklahoma Statutes or Section 1701 of  
20 this title shall be invited and encouraged to attend these meetings  
21 to provide benefit information and answer questions of state  
22 employees related to health, financial planning and other benefits.  
23 Agencies shall provide vendors with adequate space within which to

1 meet with employees. Agencies shall provide adequate notice of the  
2 meetings to active and retired employees, and shall allow each  
3 active employee to spend at least ~~thirty (30)~~ sixty (60) minutes  
4 during the workday to attend the meetings. For those state  
5 government facilities that operate twenty-four (24) hours a day,  
6 vendors shall be allowed access to each shift.

7 SECTION 9. AMENDATORY Section 2, Chapter 215, O.S.L.  
8 2005 (74 O.S. Supp. 2005, Section 1344.1), is amended to read as  
9 follows:

10 Section 1344.1 Materials from vendors that have an  
11 authorized payroll deduction for state employees pursuant to Section  
12 7.10 of Title 62 of the Oklahoma Statutes or Section 1701 of ~~Title~~  
13 ~~74 of the Oklahoma of the Oklahoma Statutes~~ this title shall be  
14 placed in the annual benefit enrollment materials provided to state  
15 employees and their dependents.

16 SECTION 10. AMENDATORY 74 O.S. 2001, Section 1371, as  
17 last amended by Section 1, Chapter 414, O.S.L. 2004 (74 O.S. Supp.  
18 2005, Section 1371), is amended to read as follows:

19 Section 1371. A. All participants must purchase at least the  
20 basic plan unless the participant is a person who has retired from a  
21 branch of the United States military and has been provided with  
22 health coverage through a federal plan and that participant provides  
23 proof of that coverage. On or before January 1 of the plan year

1 beginning July 1, 2001, and July 1 of any plan year beginning after  
2 January 1, 2002, the Oklahoma State Employees Benefits Council shall  
3 design the basic plan for the next plan year to insure that the  
4 basic plan provides adequate coverage to all participants. All  
5 benefit plans, whether offered by the State and Education Employees  
6 Group Insurance Board, a health maintenance organization or other  
7 vendors shall meet the minimum requirements set by the Council for  
8 the basic plan.

9 B. The Board shall offer health, disability, life and dental  
10 coverage to all participants and their dependents. For health,  
11 dental, disability and life coverage, the Board shall offer plans at  
12 the basic benefit level established by the Council, and in addition,  
13 may offer benefit plans that provide an enhanced level of benefits.  
14 The Board shall be responsible for determining the plan design and  
15 the benefit price for the plans that they offer. ~~In~~ Effective for  
16 the plan year beginning January 1, 2007, and for each plan year  
17 thereafter, in setting health insurance premiums for active  
18 employees and for retirees under sixty-five (65) years of age, the  
19 Board shall set the monthly premium for active employees ~~at a~~  
20 ~~maximum of Ninety Dollars (\$90.00) less than~~ to be equal to the  
21 monthly premium for retirees under sixty-five (65) years of age.

22 Nothing in this subsection shall be construed as prohibiting the  
23 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. In lieu of electing any of the preceding medical benefit  
4 plans, a participant may elect medical coverage by any health  
5 maintenance organization made available to participants by the  
6 Council. The benefit price of any health maintenance organization  
7 shall be determined on a competitive bid basis. Contracts for said  
8 plans shall not be subject to the provisions of the Oklahoma Central  
9 Purchasing Act, Section 85.1 et seq. of this title. The Council  
10 shall promulgate rules establishing appropriate competitive bidding  
11 criteria and procedures for contracts awarded for flexible benefits  
12 plans. All plans offered by health maintenance organizations  
13 meeting the bid requirements as determined by the Council shall be  
14 accepted. The Council shall have the authority to reject the bid or  
15 restrict enrollment in any health maintenance organization for which  
16 the Council determines the benefit price to be excessive. The  
17 Council shall have the authority to reject any plan that does not  
18 meet the bid requirements. All bidders shall submit along with  
19 their bid a notarized, sworn statement as provided by Section 85.22  
20 of this title. ~~In~~ Effective for the plan year beginning January 1,  
21 2007, and for each plan year thereafter, in setting health insurance  
22 premiums for active employees and for retirees under sixty-five (65)  
23 years of age, HMOs, self-insured organizations and prepaid plans

1 shall set the monthly premium for active employees ~~at a maximum of~~  
2 ~~Ninety Dollars (\$90.00) less than~~ to be equal to the monthly premium  
3 for retirees under sixty-five (65) years of age.

4 D. Nothing in this section shall be construed as prohibiting  
5 the Council from offering additional qualified benefit plans or  
6 currently taxable benefit plans.

7 E. Each employee of a participating employer who meets the  
8 eligibility requirements for participation in the flexible benefits  
9 plan shall make an annual election of benefits under the plan during  
10 an enrollment period to be held prior to the beginning of each plan  
11 year. The enrollment period dates will be determined annually and  
12 will be announced by the Council, providing the enrollment period  
13 shall end no later than thirty (30) days before the beginning of the  
14 plan year.

15 Each such employee shall make an irrevocable advance election  
16 for the plan year or the remainder thereof pursuant to such  
17 procedures as the Council shall prescribe. Any such employee who  
18 fails to make a proper election under the plan shall, nevertheless,  
19 be a participant in the plan and shall be deemed to have purchased  
20 the default benefits described in this section.

21 F. The Council shall prescribe the forms that participants will  
22 be required to use in making their elections, and may prescribe  
23 deadlines and other procedures for filing the elections.

1       G. Any participant who, in the first year for which he or she  
2 is eligible to participate in the plan, fails to make a proper  
3 election under the plan in conformance with the procedures set forth  
4 in this section or as prescribed by the Council shall be deemed  
5 automatically to have purchased the default benefits. The default  
6 benefits shall be the same as the basic plan benefits. Any  
7 participant who, after having participated in the plan during the  
8 previous plan year, fails to make a proper election under the plan  
9 in conformance with the procedures set forth in this section or  
10 prescribed by the Council, shall be deemed automatically to have  
11 purchased the same benefits which the participant purchased in the  
12 immediately preceding plan year, except that the participant shall  
13 not be deemed to have elected coverage under the health care  
14 reimbursement account plan or the dependent care reimbursement  
15 account plan.

16       H. Benefit plan contracts with the Board, health maintenance  
17 organizations, and other third party insurance vendors shall provide  
18 for a risk adjustment factor for adverse selection that may occur,  
19 as determined by the Council, based on generally accepted actuarial  
20 principles.

21       I. 1. For the plan year ending December 31, 2004, employees  
22 covered or eligible to be covered under the State and Education  
23 Employees Group Insurance Act and the State Employees Flexible

1 Benefits Act who are enrolled in a health maintenance organization  
2 offering a network in Oklahoma City, shall have the option of  
3 continuing care with a primary care physician for the remainder of  
4 the plan year if:

5 a. that primary care physician was part of a provider  
6 group that was offered to the individual at enrollment  
7 and later removed from the network of the health  
8 maintenance organization, for reasons other than for  
9 cause, and

10 b. the individual submits a request in writing to the  
11 health maintenance organization to continue to have  
12 access to the primary care physician.

13 2. The primary care physician selected by the individual shall  
14 be required to accept reimbursement for such health care services on  
15 a fee-for-service basis only. The fee-for-service shall be computed  
16 by the health maintenance organization based on the average of the  
17 other fee-for-service contracts of the health maintenance  
18 organization in the local community. The individual shall only be  
19 required to pay the primary care physician those co-payments,  
20 coinsurance and any applicable deductibles in accordance with the  
21 terms of the agreement between the employer and the health  
22 maintenance organization and the provider shall not balance bill the  
23 patient.

1           3. Any network offered in Oklahoma City that is terminated  
2 prior to July 1, 2004, shall notify the health maintenance  
3 organization, Oklahoma State Employees Benefits Council and State  
4 and Education Employees Group Insurance Board by June 11, 2004, of  
5 the network's intentions to continue providing primary care services  
6 as described in paragraph 2 of this subsection offered by the health  
7 maintenance organization to state and public employees.

8           SECTION 11.           AMENDATORY           Section 1, Chapter 501, O.S.L.  
9 2002, as last amended by Section 1, Chapter 310, O.S.L. 2004 (74  
10 O.S. Supp. 2005, Section 1374), is amended to read as follows:

11           Section 1374. For the plan year beginning January 1, 2005, and  
12 for each year thereafter, it shall be the fiduciary responsibility  
13 of the Oklahoma State Employees Benefits Council and the State and  
14 Education Employees Group Insurance Board to ensure that  
15 participants have the option to choose which vision plan best meets  
16 their individual needs by offering every vision plan that notifies  
17 the Employees Benefits Council and the State and Education Employees  
18 Group Insurance Board of their desire to participate no later than  
19 July 1 of each year and meets or exceeds the following criteria:

20           1. Has in place a statewide network of at least one hundred  
21 fifty providers. "Providers", for purposes of this section, means  
22 Optometrists (OD), Ophthalmologists (MD), and Ophthalmologists (DO)  
23 which shall be counted once regardless of the number of locations

1 where they may practice. Optical shops and retail optical locations  
2 shall not be listed as providers. In order to qualify as one of the  
3 one hundred fifty providers, the provider shall provide each and  
4 every one of the required vision plan services from their office or  
5 practice. The company offering the vision plan must have a direct  
6 relationship with each provider on its panel, and may not lease,  
7 borrow, or otherwise obtain use of a provider panel from another  
8 company. This would not prevent a company from offering their plan  
9 through one corporate entity and administering the plan or provider  
10 panel through another legal entity of the same organization.  
11 Providers must be actively engaged in providing each and every one  
12 of the required services offered under the vision plan they  
13 represent;

14 2. Has operated in Oklahoma for at least five (5) years;

15 3. Is licensed by the Insurance Department, certified by the  
16 State Department of Health, or licensed as a third-party  
17 administrator by the Insurance Department. Vision plans must be  
18 offered by the company administering the plan, not by an agent or  
19 third party. A company shall offer only one vision plan and rate  
20 schedule for each plan year;

21 4. Presents accurate product information in a reproducible  
22 format not to exceed two pages;

1           5. ~~Requires anyone electing a vision plan to submit an annual~~  
2 ~~election form thereby prohibiting default enrollment~~ Providers shall  
3 provide each and every one of the required vision plan services from  
4 their office or practice facility, which include, but are not  
5 limited to, an examination, frames and lenses, and contact lenses;  
6 and

7           6. Vision plans must provide an examination, frames and lenses,  
8 and/or contact lenses and some form of indemnified payment to the  
9 contracted providers for each component of the benefits, i.e., the  
10 exam, frames and lenses and/or contact lenses. This does not  
11 eliminate discounted supplementary benefits under a qualified plan.

12           Any administrative fees imposed by the Oklahoma State Employees  
13 Benefits Council or the State and Education Employees Group  
14 Insurance Board shall be applied equally to all qualified vision  
15 plans. There shall be no additional requirements imposed on a  
16 vision plan other than the proper licensing or certification by the  
17 appropriate state agency.

18           SECTION 12. This act shall become effective July 1, 2006.

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

23 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT AND GROUP HEALTH, dated  
24 2-27-06 - DO PASS, As Amended and Coauthored.