

THE HOUSE OF REPRESENTATIVES
Wednesday, March 5, 2008

House Bill No. 3108
As Amended

HOUSE BILL NO. 3108 - By: PETERSON (RON) of the House.

(state government - amending 74 O.S. Supp. 2007, Section 1370 - flexible benefit allowance for the state flexible benefit plan - modifying calculation - effective date –
emergency)

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

1 SECTION 1. AMENDATORY 74 O.S. 2001, Section 1370, as last amended by
2 Section 5, Chapter 269, O.S.L. 2007 (74 O.S. Supp. 2007, Section 1370), is amended to
3 read as follows:
4 Section 1370. A. Subject to the requirement that a participant must elect the
5 default benefits, the basic plan, or is a person who has retired from a branch of the
6 United States military and has been provided with health care through a federal plan, to
7 the extent that it is consistent with federal law, and provides proof of this coverage,
8 flexible benefit dollars may be used to purchase any of the benefits offered by the
9 Oklahoma State Employees Benefits Council under the flexible benefits plan. A
10 participant who has provided proof of other coverage as described in this subsection shall
11 not receive flexible benefit dollars if the person elects not to purchase any benefits. A
12 participant's flexible benefit dollars for a plan year shall consist of the sum of (1) flexible

1 benefit allowance credited to a participant by the participating employer, and (2) pay
2 conversion dollars elected by a participant.

3 B. Each participant shall be credited annually with a specified amount as a flexible
4 benefit allowance which shall be available for the purchase of benefits. The amount of
5 the flexible benefit allowance credited to each participant shall be communicated to ~~him~~
6 ~~or her~~ the participant prior to the enrollment period for each plan year.

7 C. Except as provided in subsection D of this section, for the plan year ending
8 December 31, ~~2001~~ 2008, and each plan year thereafter, the amount of ~~a participant's~~ the
9 flexible benefit allowance for each participant, which shall be the total amount the
10 employer contributes for the payment of insurance premiums or other benefits, shall be:

11 1. The greater of Two Hundred Sixty-two Dollars and nineteen cents (\$262.19) per
12 month or an amount equal to the sum of the average monthly premiums of all ~~high~~
13 ~~option~~ health insurance plans, excluding the point-of-service plans, the average monthly
14 premiums of the dental plans, the monthly premium of the disability plan, and the
15 monthly premium of the basic life insurance plan offered to state employees for the
16 previous plan year or the amount determined by the Council based on a formula for
17 determining a participant's benefit credits consistent with the requirements of 26 U.S.C.,
18 Section 125(g)(2) and regulations thereunder; or

19 2. The greater of Two Hundred Twenty-four Dollars and sixty-nine cents (\$224.69)
20 per month or an amount equal to the sum of the average monthly premiums of all ~~high~~
21 ~~option~~ health insurance plans, excluding the point-of-service plans, the average monthly
22 premiums of the dental plans, the monthly premium of the disability plan, and the

1 monthly premium of the basic life insurance plan offered to state employees for the
2 previous plan year plus one of the additional amounts as follows for participants who
3 elect to include one or more dependents:

- 4 a. for a spouse, seventy-five percent (75%) of the average price of all ~~high~~
5 ~~option~~ benefit plans, excluding the point-of-service plans, available for
6 coverage of a spouse for the previous plan year,
- 7 b. for one child, seventy-five percent (75%) of the average price of all ~~high~~
8 ~~option~~ benefit plans available, excluding the point-of-service plans, for
9 coverage of one child for the previous plan year,
- 10 c. for two or more children, seventy-five percent (75%) of the average
11 price of all ~~high-option~~ benefit plans available, excluding the point-of-
12 service plans, for coverage of two or more children for the previous plan
13 year,
- 14 d. for a spouse and one child, seventy-five percent (75%) of the average
15 price of all ~~high-option~~ benefit plans available, excluding the point-of-
16 service plans, for coverage of a spouse and one child for the previous
17 plan year, or
- 18 e. for a spouse and two or more children, seventy-five percent (75%) of
19 the average price of all ~~high-option~~ benefit plans available, excluding
20 the point-of-service plans, for coverage of a spouse and two or more
21 children for the previous plan year.

1 D. To the extent that it is consistent with federal law, for an employee who is an
2 eligible TRICARE beneficiary and has opted not to purchase health care coverage and
3 who purchases a group TRICARE Supplemental product, the amount of the ~~participant's~~
4 benefit allowance for the participant shall be equal to the sum of the monthly premium of
5 the group TRICARE Supplemental product purchased by the participant, if any, the
6 average monthly premiums of the dental plans, the monthly premium of the disability
7 plan, and the monthly premium of the basic life insurance plan offered to state
8 employees or the amount determined by the Council based on a formula for determining
9 ~~a participant's~~ the benefit credits for the participant consistent with the requirements of
10 26 U.S.C., Section 125(g)(2) and regulations thereunder. To the extent that it is
11 consistent with federal law, for each eligible dependent of an employee who is an eligible
12 TRICARE beneficiary and has opted not to purchase health care coverage, if the
13 employee purchases a group TRICARE Supplemental product on behalf of the dependent,
14 the benefit allowance shall be equal to seventy-five percent (75%) of the monthly
15 premium of the group TRICARE Supplemental product purchased by the participant on
16 behalf of the dependent.

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

21 F. If a participant desires to buy benefits whose sum total of benefit prices is in
22 excess of ~~his or her~~ the flexible benefit allowance for the participant, the participant may

1 elect to use pay conversion dollars to purchase ~~such~~ the excess benefits. Pay conversion
2 dollars may be elected through a salary reduction agreement made pursuant to the
3 election procedures of Section 1371 of this title. The elected amount shall be deducted
4 from the ~~participant's~~ compensation of the participant in equal amounts each pay period
5 over the plan year. On termination of employment during a plan year, a participant
6 shall have no obligation to pay the participating employer any pay conversion dollars
7 allocated to the portion of the plan year after the ~~participant's~~ termination of
8 employment.

9 G. If a participant elects benefits whose sum total of benefit prices is less than ~~his~~
10 ~~or her~~ the flexible benefit allowance for the participant, ~~he or she~~ the participant shall
11 receive any excess flexible benefit allowance as taxable compensation. ~~Such~~ The taxable
12 compensation will be paid in substantially equal amounts each pay period over the plan
13 year. On termination during a plan year, a participant shall have no right to receive any
14 ~~such~~ taxable cash compensation allocated to the portion of the plan year after ~~the~~
15 ~~participant's~~ termination of the participant. Nothing herein shall affect ~~a participant's~~
16 the obligation of a participant to elect the minimum benefits or to accept the default
17 benefits of the plan with corresponding reduction in the sum of ~~his or her~~ the flexible
18 benefit allowance equal to the sum total benefit price of ~~such~~ the minimum benefits or
19 default benefits.

20 SECTION 2. This act shall become effective July 1, 2008.

1 SECTION 3. It being immediately necessary for the preservation of the public
2 peace, health and safety, an emergency is hereby declared to exist, by reason whereof
3 this act shall take effect and be in full force from and after its passage and approval.
4 COMMITTEE REPORT BY: COMMITTEE ON ECONOMIC DEVELOPMENT AND
5 FINANCIAL SERVICES, dated 03-04-08 - DO PASS, As Amended.