

STATE OF OKLAHOMA

1st Session of the 51st Legislature (2007)

SENATE BILL 1108

By: Leftwich

AS INTRODUCED

An Act relating to state government; amending 74 O.S. 2001, Section 1316.2, as last amended by Section 2, Chapter 198, O.S.L. 2005 (74 O.S. Supp. 2006, Section 1316.2), which relates to health insurance coverage for certain retirees; providing for additional benefit payment for certain retirees; requiring the Legislature to appropriate funds to the Oklahoma Public Employees Retirement System for the purpose of making certain payment; 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 1316.2, as last amended by Section 2, Chapter 198, O.S.L. 2005 (74 O.S. Supp. 2006, Section 1316.2), is amended to read as follows:

Section 1316.2 A. Any employee other than an education employee who retires pursuant to the provisions of the Oklahoma Public Employees Retirement System or who has a vested benefit pursuant to the provisions of the Oklahoma Public Employees Retirement System may continue in force the health and dental insurance benefits authorized by the provisions of the State and Education Employees Group Insurance Act, or other employer insurance

1 benefits if the employer does not participate in the plans offered
2 by the State and Education Employees Group Insurance Board, if such
3 election to continue in force is made within thirty (30) days from
4 the date of termination of service. Except as otherwise provided
5 for in Section 840-2.27I of this title and subsection H of this
6 section, health and dental insurance coverage may not be reinstated
7 at a later time if the election to continue in force is declined.
8 Vested employees other than education employees who have terminated
9 service and are not receiving benefits and effective July 1, 1996,
10 nonvested persons who have terminated service with more than eight
11 (8) years of participating service with a participating employer,
12 who within thirty (30) days from the date of termination of service
13 elect to continue such coverage, shall pay the full cost of said
14 insurance premium at the rate and pursuant to the terms and
15 conditions established by the Board. Provided also, any employee
16 other than an education employee who commences employment with a
17 participating employer on or after September 1, 1991, who terminates
18 service with such employer on or after July 1, 1996, but who
19 otherwise has insufficient years of service to retire or terminate
20 service with a vested benefit pursuant to the provisions of the
21 Oklahoma Public Employees Retirement System or to elect to continue
22 coverage as a nonvested employee as provided in this section, but
23 who, immediately prior to employment with the participating employer
24 was covered as a dependent on the health and dental insurance policy

1 of a spouse who was an active employee other than an education
2 employee, may count as part of his or her credited service for the
3 purpose of determining eligibility to elect to continue coverage
4 under this section, the time during which said terminating employee
5 was covered as such a dependent.

6 B. 1. Health insurance benefit plans offered pursuant to this
7 section shall include:

- 8 a. indemnity plans offered through the State and
9 Education Employees Group Insurance Board,
- 10 b. managed care plans offered as alternatives to the
11 indemnity plans offered through the State and
12 Education Employees Group Insurance Board,
- 13 c. Medicare supplements offered pursuant to the State and
14 Education Employees Group Insurance Act,
- 15 d. Medicare risk-sharing contracts offered as
16 alternatives to the Medicare supplements offered
17 through the State and Education Employees Group
18 Insurance Board. All Medicare risk-sharing contracts
19 shall be subject to a risk adjustment factor, based on
20 generally accepted actuarial principles for adverse
21 selection which may occur, and
- 22 e. for the Oklahoma Public Employee Retirement System,
23 other employer-provided health insurance benefit plans
24 if the employer does not participate in the plans

1 offered pursuant to the State and Education Employees
2 Group Insurance Act.

3 2. Health insurance benefit plans offered pursuant to this
4 section shall provide prescription drug benefits, except for plans
5 designed pursuant to the Medicare Prescription Drug Improvement and
6 Modernization Act of 2003, for which provision of prescription drug
7 benefits is optional, and except for plans offered pursuant to
8 subparagraph e of paragraph 1 of this subsection.

9 C. 1. Designated public retirement systems shall contribute a
10 monthly amount towards the health insurance premium of certain
11 individuals receiving benefits from the public retirement system as
12 follows:

13 a. (1) a retired employee other than an education
14 employee who is receiving benefits from the
15 Oklahoma Public Employees Retirement System after
16 September 30, 1988, shall have One Hundred Five
17 Dollars (\$105.00), or the premium rate of the
18 health insurance benefit plan, whichever is less,
19 paid by the Oklahoma Public Employees Retirement
20 System to the Board or other insurance carrier of
21 the employer if the employer does not participate
22 in the plans offered by the State and Education
23 Employees Group Insurance Board in the manner
24 specified in subsection G of this section, and

1 (2) beginning July 1, 2007, there shall be an
2 additional one-hundred-dollar benefit payable by
3 the Oklahoma Public Employees Retirement System
4 to a retired employee described in division (1)
5 of this subparagraph on behalf of such retired
6 employee toward said retiree's monthly premium
7 for health insurance if the funds are
8 appropriated pursuant to subsection I of this
9 section.

10 b. a retired employee or surviving spouse other than an
11 education employee who is receiving benefits from the
12 Oklahoma Law Enforcement Retirement System after
13 September 30, 1988, is under sixty-five (65) years of
14 age and is not otherwise eligible for Medicare shall
15 have the premium rate for the health insurance benefit
16 plan or One Hundred Five Dollars (\$105.00), whichever
17 is less, paid by the Oklahoma Law Enforcement
18 Retirement System to the Board in the manner specified
19 in subsection G of this section,

20 c. a retired employee other than an education employee
21 who is receiving benefits from the Oklahoma Law
22 Enforcement Retirement System after September 30,
23 1988, is sixty-five (65) years of age or older or who
24 is under sixty-five (65) years of age and is eligible

1 for Medicare shall have One Hundred Five Dollars
2 (\$105.00), or the premium rate of the health insurance
3 benefit plan, whichever is less, paid by the Oklahoma
4 Law Enforcement Retirement System to the Board in the
5 manner specified in subsection G of this section, and

6 d. a retired employee other than an education employee
7 who is receiving benefits from the Uniform Retirement
8 System for Justices and Judges after September 30,
9 1988, shall have One Hundred Five Dollars (\$105.00),
10 or the premium rate of the health insurance plan,
11 whichever is less, paid by the Uniform Retirement
12 System for Justices and Judges to the Board in the
13 manner specified in subsection G of this section.

14 2. Premium payments made pursuant to this section shall be made
15 subject to the following conditions:

16 a. the health plan shall be authorized by the provisions
17 of the State and Education Employees Group Insurance
18 Act, except that if an employer from which an employee
19 retired or with a vested benefit pursuant to the
20 provisions of the Oklahoma Public Employees Retirement
21 System does not participate in the plans authorized by
22 the provisions of the State and Education Employees
23 Group Insurance Act, the health plan will be the
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1 health insurance benefits of the employer from which
2 the individual retired or vested,

3 b. for plans offered by the State and Education Employees
4 Group Insurance Act, the amount to be paid shall be
5 determined pursuant to the provisions of this
6 subsection and shall first be applied in whole or in
7 part to the prescription drug coverage premium. Any
8 remaining amount shall be applied toward the medical
9 coverage premium,

10 c. for all plans, if the amount paid by the public
11 retirement system does not cover the full cost of the
12 elected coverage, the individual shall pay the
13 remaining premium amount, and

14 d. payment shall be made by the retirement systems in the
15 manner specified under subsection G of this section.

16 D. For any member of the Oklahoma Law Enforcement Retirement
17 System killed in the line of duty, whether the member was killed in
18 the line of duty prior to the effective date of this act or on or
19 after the effective date of this act, or if the member was on a
20 disability leave status at the time of death, the surviving spouse
21 or dependents of such deceased member of the Oklahoma Law
22 Enforcement Retirement System may elect to continue or commence
23 health and dental insurance benefits provided said dependents pay
24 the full cost of such insurance and for deaths occurring on or after

1 July 1, 2002, such election is made within thirty (30) days of the
2 date of death. The eligibility for said benefits shall terminate
3 for the surviving children when said children cease to qualify as
4 dependents.

5 E. Effective July 1, 2004, a retired member of the Oklahoma Law
6 Enforcement Retirement System who retired from the System by means
7 of a personal and traumatic injury of a catastrophic nature and in
8 the line of duty and any surviving spouse of such retired member and
9 any surviving spouse of a member who was killed in the line of duty
10 shall have one hundred percent (100%) of the retired member's or
11 surviving spouse's health care premium cost, whether the member or
12 surviving spouse elects coverage under the Medicare supplement or
13 Medicare risk-sharing contract, paid by the Oklahoma Law Enforcement
14 Retirement System to the Board in the manner specified in subsection
15 H of this section. For plans offered by the State and Education
16 Employees Group Insurance Board, such contributions will first be
17 applied in whole or in part to the prescription drug coverage
18 premium, if any.

19 F. Dependents of a deceased employee who was on active work
20 status or on a disability leave at the time of death or of a
21 participating retardant or of any person who has elected to receive
22 a vested benefit under the Oklahoma Public Employees Retirement
23 System, the Uniform Retirement System for Justices and Judges or the
24 Oklahoma Law Enforcement Retirement System may continue the health

1 and dental insurance benefits in force provided said dependents pay
2 the full cost of such insurance and they were covered as eligible
3 dependents at the time of such death and such election is made
4 within thirty (30) days of date of death. The eligibility for said
5 benefits shall terminate for the surviving children when said
6 children cease to qualify as dependents.

7 G. The amounts required to be paid by the Oklahoma Public
8 Employees Retirement System, the Uniform Retirement System for
9 Justices and Judges and the Oklahoma Law Enforcement Retirement
10 System pursuant to this section shall be forwarded no later than the
11 tenth day of each month following the month for which payment is due
12 by the Oklahoma Public Employees Retirement System Board of Trustees
13 or the Oklahoma Law Enforcement Retirement Board to the State and
14 Education Employees Group Insurance Board for deposit in the Health,
15 Dental and Life Insurance Reserve Fund or to another insurance
16 carrier as provided for in subsection H of Section 1315 of this
17 title.

18 H. Upon retirement from employment of the Board of Regents of
19 the University of Oklahoma, any person who was or is employed at the
20 George Nigh Rehabilitation Institute and who transferred employment
21 pursuant to Section 3427 of Title 70 of the Oklahoma Statutes, any
22 person who was employed at the Medical Technology and Research
23 Authority and who transferred employment pursuant to Section 7068 of
24 this title, and any person who is a member of the Oklahoma Law

1 Enforcement Retirement System pursuant to the authority of Section
2 2-314 of Title 47 of the Oklahoma Statutes may participate in the
3 benefits authorized by the provisions of the State and Education
4 Employees Group Insurance Act for retired participants, including
5 health, dental and life insurance benefits, if such election to
6 participate is made within thirty (30) days from the date of
7 termination of service. Life insurance benefits for any such person
8 who transferred employment shall not exceed the coverage the person
9 had at the time of such transfer. Retirees who transferred
10 employment and who participate pursuant to this paragraph shall pay
11 the premium for elected benefits less any amounts paid by a state
12 retirement system pursuant to this section.

13 I. The Legislature shall annually appropriate adequate funding
14 to the Oklahoma Public Employees Retirement System for the purpose
15 of making the additional health insurance benefit payment as
16 provided in division (2) of subparagraph a of subsection C of this
17 section. The funding shall be based on the number of eligible
18 retired employees as determined pursuant to subparagraph a of
19 subsection C of this section multiplied by One Hundred Dollars
20 (\$100.00) per eligible retired employee.

21 SECTION 2. This act shall become effective July 1, 2007.

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

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