

COMMITTEE AMENDMENT
HOUSE OF REPRESENTATIVES
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB2324 _____
Of the printed Bill
Page _____ Section _____ Lines _____
Of the Engrossed Bill

By striking the Title, the Enacting Clause, the entire bill, and by inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Adopted: _____

Amendment submitted by: Jason Murphey _____

Reading Clerk

1 STATE OF OKLAHOMA

2 2nd Session of the 52nd Legislature (2010)

3 PROPOSED COMMITTEE
4 SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 2324

By: Murphey

7 PROPOSED COMMITTEE SUBSTITUTE

8 An Act relating to employee benefits; amending 70
9 O.S. 2001, Sections 26-104, as last amended by
10 Section 1, Chapter 180, O.S.L. 2007, 26-105, as last
11 amended by Section 2, Chapter 180, O.S.L. 2007 and
12 Section 2, Chapter 418, O.S.L. 2002 (70 O.S. Supp.
13 2009, Sections 26-104, 26-105 and 26-105.1), which
14 relate to the Larry Dickerson Flexible Benefits
15 Allowance Act; specifying applicability of Employees
16 Benefits Act to certain health insurance plans;
17 removing authority for employees to receive certain
18 excess benefits; specifying that certain excess
19 benefits shall be transferred to certain account;
20 specifying benefit allowance available to certain
21 school employees; requiring that certain excess
22 benefits be transferred to certain account;
23 specifying applicability of act to certain school
24 district employees; amending 74 O.S. 2001, Sections
1302, 1303, as last amended by Section 13, Chapter
415, O.S.L. 2008, 1304, as last amended by Section 2,
Chapter 231, O.S.L. 2006, 1305, 1305.1, as amended by
Section 2, Chapter 196, O.S.L. 2002, 1305.2, 1306, as
last amended by Section 3, Chapter 231, O.S.L. 2006,
1307, 1308.1, as amended by Section 1, Chapter 41,
O.S.L. 2004, 1309, 1310.1, as last amended by Section
1, Chapter 373, O.S.L. 2004, 1311.1, 1312, 1312.1,
1312.2, 1314.3, as amended by Section 1, Chapter 278,
O.S.L. 2004, 1315, as last amended by Section 4,
Chapter 345, O.S.L. 2004, Section 1, Chapter 71,
O.S.L. 2002, 1316.1, as amended by Section 1, Chapter
127, O.S.L. 2002, 1316.2, as last amended by Section
2, Chapter 198, O.S.L. 2005, 1317, 1318, 1320, as
amended by Section 73, Chapter 264, O.S.L. 2006 and
1321, as last amended by Section 5, Chapter 231,

1 O.S.L. 2006 (74 O.S. Supp. 2009, Sections 1303, 1304,
2 1305.1, 1306, 1308.1, 1310.1, 1314.3, 1315, 1315.1,
3 1316.1, 1316.2, 1320 and 1321), which relate to the
4 State and Education Employees Group Insurance Act;
5 specifying purpose of act; removing reference to life
6 insurance benefits for employees; renaming State and
7 Education Employees Group Insurance Board; modifying
8 definitions; providing for the creation of the
9 HealthChoice Health Insurance Board; modifying agency
10 designations; removing authority to contract with
11 certain pay for performance program provider;
12 specifying that health and dental benefits shall be
13 provided; requiring certain report be provided to
14 Joint Liaison Committee; removing authority of
15 HealthChoice Health Insurance Board to make certain
16 eligibility determinations; removing authority to
17 make certain contracts with certain health
18 maintenance organizations; removing authority of
19 Board to intercept certain monies; removing certain
20 references to Joint Liaison Committee; removing
21 authority of Committee to perform certain duties;
22 removing authority to include accidental death and
23 dismemberment policies in employee plans by
24 HealthChoice Health Insurance Board; removing
enrollment period language for certain educational
entities; removing certain reference to Health
Maintenance Organization plans; limiting certain
employee's insurance options to certain plan;
removing reference to certain HealthChoice option
plan; transferring authority for certain deductions
to the Oklahoma State Benefits and Wellness Office;
removing authority of board to transfer certain funds
in the Insurance Reserve Fund; removing reference to
life insurance reserve fund; authorizing State
Benefits and Wellness Office to administer certain
fund; removing authority of board to offer and
administer certain life insurance plans; removing
reference to certain life insurance plan option;
amending 74 O.S. 2001, Sections 1332, 1332.1, 1333
and 1335, which relate to the State Employees
Disability Program Act; directing State Benefits and
Wellness Office to establish certain disability
programs; transferring responsibility for certain
grievance procedures to State Benefits and Wellness
Office; transferring certain claims administration
responsibility to Office; authorizing Office to
collect certain premiums; requiring Office to submit

1 certain monthly financial statements and reports;
2 authorizing Office to provide for continuation of
3 benefits in certain circumstances; authorizing Office
4 to deduct certain premiums from certain disability
5 payments; authorizing Office to invest certain
6 reserve fund monies; authorizing county governments
7 to participate with Office for disability insurance
8 programs; amending 74 O.S. 2001, Sections 1362, 1363,
9 1364, 1365, as last amended by Section 1, Chapter 28,
10 O.S.L. 2009, 1366, Section 10, Chapter 439, O.S.L.
11 2002, 1369, 1370, as last amended by Section 2,
12 Chapter 28, O.S.L. 2009, 1371, as last amended by
13 Section 6, Chapter 269, O.S.L. 2007, 1372, as amended
14 by Section 1, Chapter 369, O.S.L. 2003 and Section 1,
15 Chapter 50, O.S.L. 2002, as last amended by Section
16 9, Chapter 231, O.S.L. 2006 (74 O.S. Supp. 2009,
17 Sections 1365, 1366.1, 1370, 1371, 1372 and 1374),
18 which relate to the Oklahoma State Employees Benefits
19 Act; specifying application of act to public
20 employees; modifying definitions; adding definitions;
21 modifying agency designation; creating joint
22 committee; providing joint committee designation;
23 providing for appointment of members of committee;
24 stating function of committee; providing for
succession of members; stating duties of committee;
expanding application of plan to additional
participants; authorizing Office to negotiate for an
alternative to preferred provider plan; requiring
competitive negotiations for preferred provider plan
offers; removing limitation on the purchase of
indemnity health plans; authorizing the collection of
fees from certain insurance providers; removing
authority of Office to transfer certain income to
HealthChoice Health Insurance Board; authorizing the
inclusion of certain expenses of disability program;
specifying that certain requirements shall only be
applicable to one selected insurer; specifying
eligibility of public employees for certain plan;
requiring state employees to participate in certain
plans; allowing education employees discretion to
participate in certain plan; providing for the
calculation of certain employee benefit allowance;
providing for the calculation of certain dependents
of certain employees benefit allowance; referencing
statutory amount of flexible benefit allowance for
certain education employees; providing for the
transfer of certain excess benefit allowances to

1 flexible spending account; specifying employees
2 required to purchase basic plan; directing Office to
3 design basic plan; requiring Executive Director to
4 deposit certain administrative costs to General
5 Revenue Fund annually; amending 74 O.S. 2001,
6 Sections 1382, as amended by Section 1, Chapter 50,
7 O.S.L. 2006 and 1383 (74 O.S. Supp. 2009, Section
8 1382), which relate to the Wellness Program Act,
9 specifying fiduciary duties of Office; adding member
10 to Wellness Council; repealing 74 O.S. 2001, Section
11 1306.4, which relates to Pilot Disease Management
12 Program; repealing Section 6, Chapter 319, O.S.L.
13 2003 (74 O.S. Supp. 2009, Section 1306.6), which
14 relates to administration of the Medical Expense
15 Liability Revolving Fund; repealing 74 O.S. 2001,
16 Section 1307.1, which relates to certain employee's
17 right to change primary care physicians; repealing 74
18 O.S. 2001, Section 1308, as amended by Section 3,
19 Chapter 345, O.S.L. 2004 (74 O.S. Supp. 2009, Section
20 1308), which relates to mandatory enrollment in
21 certain insurance plans; repealing 74 O.S. 2001,
22 Sections 1341, 1342, 1343, 1344, as last amended by
23 Section 6, Chapter 231, O.S.L. 2006, Section 7,
24 Chapter 231, O.S.L. 2006, 1346, 1347, Section 2,
Chapter 215, O.S.L. 2005, as amended by Section 7,
Chapter 231, O.S.L. 2006 and 1348 (74 O.S. Supp.
2009, Sections 1344 and 1344.1), which relate to the
State Employees Flexible Benefits Act; providing for
codification, and providing an effective date.

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

SECTION 1. AMENDATORY 70 O.S. 2001, Section 26-104, as
last amended by Section 1, Chapter 180, O.S.L. 2007 (70 O.S. Supp.
2009, Section 26-104), is amended to read as follows:

Section 26-104. A. The Legislature shall annually appropriate
adequate funding to the State Board of Education and the State Board
of Career and Technology Education for the purpose of providing a
flexible benefit allowance to school district employees pursuant to

1 this act. The funding shall be based on the number of eligible
2 school district employees employed by a school district which is
3 participating in the health insurance plan offered ~~by the State and~~
4 ~~Education Employees Group Insurance Board~~ pursuant to the Oklahoma
5 State Employees Benefits Act or is self-insured as counted on May
6 1st of each year. Each Board shall disburse the flexible benefit
7 allowance funds in appropriate amounts to school districts.

8 B. Every school district shall establish or make available to
9 school district employees a cafeteria plan pursuant to 26 U.S.C.
10 Section 125 of the United States Code. The plan shall offer, as a
11 benefit, major medical health care plan coverage.

12 C. The flexible benefit allowance amount established pursuant
13 to Section 26-105 of this title shall be credited to each eligible
14 school district employee. School district employees shall elect
15 whether to use the flexible benefit allowance to pay for coverage in
16 the health insurance plan offered ~~by the State and Education~~
17 ~~Employees Group Insurance Board~~ pursuant to the Oklahoma State
18 Employees Benefits Act or the self-insured plan offered by the
19 school district ~~and may receive the excess flexible benefit~~
20 ~~allowance as taxable compensation as provided in Section 26-105 of~~
21 ~~this title.~~

22 D. The administrator of the cafeteria plan shall maintain a
23 separate account for each participating school district employee.
24 School districts shall forward the school district employee flexible

1 benefit allowance amounts to the administrator for elected purchases
2 of cafeteria plan benefits.

3 E. Expenses included in an employee's salary adjustment
4 agreement pursuant to the cafeteria plan shall be limited to
5 expenses for:

6 1. Premiums for any health insurance, health maintenance
7 organization, life insurance, long term disability insurance, dental
8 insurance or high deductible health benefit plan offered to
9 employees and their dependents; and

10 2. All other eligible benefit programs offered under 26 U.S.C.
11 Section 125 of the United States Code.

12 F. The flexible benefit allowance amount established in Section
13 26-105 of this title shall not be included as income in computation
14 of state retirement contributions and benefits or as part of the
15 Minimum Salary Schedule for teachers established in Section 18-
16 114.12 of this title. School districts shall not consider the
17 flexible benefit allowance amount as income for eligible support
18 employees and thereby shall not reduce the salary of an eligible
19 support employee.

20 SECTION 2. AMENDATORY 70 O.S. 2001, Section 26-105, as
21 last amended by Section 2, Chapter 180, O.S.L. 2007 (70 O.S. Supp.
22 2009, Section 26-105), is amended to read as follows:

23 Section 26-105. A. The flexible benefit allowance shall be
24 used by a school district employee who is participating in the

1 cafeteria plan to purchase major medical health care plan coverage
2 offered by the school district through a cafeteria plan. Any excess
3 flexible benefit allowance over the cost of the major medical
4 coverage purchased by the employee who is participating in the
5 cafeteria plan may be used to purchase any of the additional
6 benefits offered by the school district ~~or may be taken as taxable~~
7 ~~compensation as provided in subsection C of this section.~~ Certified
8 personnel who choose not to participate in the school-district-
9 sponsored cafeteria plan shall receive Sixty-nine Dollars and
10 seventy-one cents (\$69.71) per month ~~as taxable compensation in lieu~~
11 ~~of the flexible benefit allowance amount provided in subsection B of~~
12 ~~this section~~ which shall be transferred to a flexible spending
13 account established for the employee. Support personnel who choose
14 not to participate in the school-district-sponsored cafeteria plan
15 shall receive One Hundred Eighty-nine Dollars and sixty-nine cents
16 (\$189.69) per month ~~as taxable compensation in lieu of the flexible~~
17 ~~benefit allowance amount provided in subsection B of this section~~
18 which shall be transferred to a flexible spending account
19 established for the employee.

20 B. Each eligible school district employee shall be credited
21 annually with a specified amount as a flexible benefit allowance
22 which shall be available for the purchase of benefits. The amount
23 of the flexible benefit allowance credited to each eligible school
24

1 district employee shall be communicated to the employee prior to the
2 enrollment period for each plan year.

3 ~~1. For the fiscal year ending June 30, 2002, the flexible~~
4 ~~benefit allowance amount for certified personnel shall be no less~~
5 ~~than Sixty nine Dollars and seventy one cents (\$69.71) per month.~~
6 ~~For the fiscal year ending June 30, 2002, the flexible benefit~~
7 ~~allowance amount for support personnel shall be no less than One~~
8 ~~Hundred Eighty nine Dollars and sixty nine cents (\$189.69) per~~
9 ~~month.~~

10 ~~2. For the fiscal year ending June 30, 2004, the flexible~~
11 ~~benefit allowance amount for certified personnel shall be no less~~
12 ~~than fifty eight percent (58%) of the premium amount for the~~
13 ~~HealthChoice (Hi) option plan for an individual offered by the State~~
14 ~~and Education Employees Group Insurance Board. For the fiscal year~~
15 ~~ending June 30, 2003, and each fiscal year thereafter, the flexible~~
16 ~~benefit allowance amount for support personnel shall be no less than~~
17 ~~one hundred percent (100%) of the premium amount for the~~
18 ~~HealthChoice (Hi) option plan for an individual offered by the State~~
19 ~~and Education Employees Group Insurance Board.~~

20 ~~3. For the fiscal year ending June 30, 2005~~ 2011, and each
21 fiscal year thereafter, the flexible benefit allowance amount for
22 ~~certified personnel~~ school district employees shall be no less than
23 the greater of one hundred percent (100%) of the premium amount for
24 the HealthChoice (Hi) ~~option~~ plan for an individual offered by the

1 ~~State and Education Employees Group HealthChoice Health Insurance~~
2 ~~Board for that plan year or the premium amount for the HealthChoice~~
3 ~~plan for an individual offered by the HealthChoice Health Insurance~~
4 ~~Board for the 2010 plan year.~~

5 C. If a school district employee who is participating in the
6 cafeteria plan elects benefits whose sum total is less than the
7 flexible benefit allowance, ~~the employee shall receive any excess~~
8 ~~flexible benefit allowance as taxable compensation. Such taxable~~
9 ~~compensation shall be paid in substantially equal amounts each pay~~
10 ~~period over the plan year. Except as otherwise provided for in~~
11 ~~subsection D of this section, on termination during a plan year, a~~
12 ~~participating school district employee shall have no right to~~
13 ~~receive any taxable cash compensation allocated to the portion of~~
14 ~~the plan year after the termination of the employee shall be~~
15 ~~transferred to a flexible spending account established for the~~
16 ~~employee.~~

17 D. In cases where the employee of a school district fulfills
18 the terms of their contract and terminates employment for the
19 subsequent year, the employee shall be entitled to the flexible
20 benefit allowance for the remainder of the current benefit term.
21 For purposes of this subsection, "benefit term" shall mean the
22 twelve-month period after the initiation of benefits for the
23 position held by the employee.

24

1 E. Each school district employee shall make an annual election
2 of benefits under the plan during an enrollment period to be held
3 prior to the beginning of each plan year. The enrollment period
4 dates will be determined annually and will be announced by the
5 school district, providing the enrollment period shall end no later
6 than thirty (30) days before the beginning of the plan year. Each
7 school district employee shall make an irrevocable advance election
8 for the plan year or the remainder of the plan year pursuant to
9 procedures the school district shall prescribe.

10 F. The school district shall prescribe the forms that school
11 district employees shall be required to use in making their
12 elections, and may prescribe deadlines and other procedures for
13 filing the elections.

14 G. School district employees hired after the closing of the
15 enrollment period shall be allowed to make an election as provided
16 in this act.

17 H. A district board of education shall have the option of
18 providing a flexible benefit allowance to the superintendent of the
19 school district in an amount not more than the amount of the
20 flexible benefit allowance established for certified personnel in
21 subsection B of this section. Funding for the flexible benefit
22 allowance for a superintendent shall be provided through local
23 revenue.

24

1 SECTION 3. AMENDATORY Section 2, Chapter 418, O.S.L.
2 2002 (70 O.S. Supp. 2009, Section 26-105.1), is amended to read as
3 follows:

4 Section 26-105.1 The provisions of the Larry Dickerson Flexible
5 Benefits Allowance Act shall apply to school districts participating
6 in the ~~Oklahoma State Education and Employees Group Insurance Board~~
7 plan offered pursuant to the Oklahoma State Employees Benefits Act
8 or school districts that are self-insured.

9 SECTION 4. AMENDATORY 74 O.S. 2001, Section 1302, is
10 amended to read as follows:

11 Section 1302. It is hereby declared that the purpose of this
12 act is:

13 ~~(a) 1. To provide uniformity in Accident and Health Insurance~~
14 ~~and/or Benefits Coverage and Life Insurance on~~ health insurance
15 benefits to all state and education employees of the State of
16 ~~Oklahoma;~~

17 ~~(b) 2. To enable the state to attract and retain qualified~~
18 employees by providing health, and dental ~~and life insurance~~
19 benefits similar to those commonly provided in private industry;

20 ~~(c) To recognize and protect the state's investment in each~~
21 ~~permanent employee by promoting and preserving good health and~~
22 ~~longevity among state employees;~~

23 ~~(d) 3. To recognize the service to the state by elected and~~
24 appointed officials by extending to them the same health, and dental

1 ~~and life~~ insurance benefits as are provided ~~herein for~~ to state and
2 education employees; and

3 ~~(e) 4.~~ To recognize long and faithful service, and to encourage
4 employees to remain in state service until eligible for retirement
5 by providing health, and dental ~~and life~~ insurance benefits for
6 employees, ~~and~~

7 ~~(f) To ensure state compliance with the Health Maintenance~~
8 ~~Organization Act of 1973 pursuant to 42 U.S.C., Section 300e et seq.~~

9 SECTION 5. AMENDATORY 74 O.S. 2001, Section 1303, as
10 last amended by Section 13, Chapter 415, O.S.L. 2008 (74 O.S. Supp.
11 2009, Section 1303), is amended to read as follows:

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

14 1. "Board" means the ~~State and Education Employees Group~~
15 HealthChoice Health Insurance Board created by the State and
16 Education Employees Group Insurance Act;

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

20 3. "Education Employee" means those employees other than
21 adjunct professors employed by a state institution of higher
22 education, in the service of an education entity who are members or
23 are or will be eligible to become members of the Teachers'
24 Retirement System of Oklahoma and who receive compensation for such

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

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

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

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

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

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

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

21 9. "Health Insurance Plan" means a self-insured plan by the
22 State of Oklahoma for the purpose of paying the cost of hospital and
23 medical care up to the maximum coverage provided by ~~said~~ the plan or
24 ~~prepaid medical plan(s) offered to employees as an alternative to~~

1 ~~the state administered plan by federally qualified HMOs which have~~
2 ~~contracted with the state plans;~~

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

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

12 ~~12.~~ 11. "Other insurance" means any type of coverage other than
13 basic hospital and medical benefits, major medical benefits,
14 comprehensive benefits, ~~life insurance benefits~~ or dental insurance
15 benefits, which the Board may be directed by law to offer;

16 ~~13.~~ 12. "Dependent" means an employee's spouse or any unmarried
17 child (1) under the age of twenty-five (25) years, regardless of
18 residence, provided that the employee is primarily responsible for
19 their support, including (a) an adopted child and (b) a stepchild or
20 child who lives with the employee in a regular parent-child
21 relationship, or (2) regardless of age who is incapable of self-
22 support because of mental or physical incapacity that existed prior
23 to reaching the age of twenty-five (25) years; and

24

1 ~~14.~~ 13. "Comprehensive benefits" means benefits which reimburse
2 the expense of hospital room and board, other hospital services,
3 certain outpatient expenses, maternity benefits, surgical expense,
4 including obstetrical care, in-hospital medical care expense,
5 diagnostic radiological and laboratory benefits, physicians'
6 services provided by house and office calls, treatments administered
7 in physicians' office, prescription drugs, psychiatric services,
8 Christian Science practitioners' services, Christian Science nurses'
9 services, optometric medical services for injury or illness of the
10 eye, home health care, home nursing service, hospice care, and such
11 other benefits as may be determined by the Board. Such benefits
12 shall be provided on a copayment or coinsurance basis, the insured
13 to pay a proportion of the cost of such benefits, and may be subject
14 to a deductible that applies to all or part of the benefits as
15 determined by the Board; ~~and~~

16 ~~15.~~ ~~"Life insurance coverage" shall include a maximum amount of~~
17 ~~basic life insurance or benefit with or without a double indemnity~~
18 ~~provision and an amount of accidental death and dismemberment~~
19 ~~insurance or benefit per employee to be provided by the State of~~
20 ~~Oklahoma, and the employee shall have the option to purchase~~
21 ~~additional life insurance or benefits on the employee's life up to~~
22 ~~the amount provided by the plan. Such basic life insurance~~
23 ~~benefits, with or without double indemnity, and accidental death and~~
24 ~~dismemberment benefits shall not exclude coverage for death or~~

1 ~~dismemberment resulting from war, insurrection or riot. The Board~~
2 ~~may also extend dependent life insurance in an amount to be~~
3 ~~determined by the Board to each insured employee who elects to~~
4 ~~insure the employee's eligible dependents. Premiums for the~~
5 ~~dependent life insurance shall be paid wholly by the employee.~~

6 SECTION 6. AMENDATORY 74 O.S. 2001, Section 1304, as
7 last amended by Section 2, Chapter 231, O.S.L. 2006 (74 O.S. Supp.
8 2009, Section 1304), is amended to read as follows:

9 Section 1304. ~~(1)~~ A. There is hereby created the ~~State and~~
10 ~~Education Employees Group~~ HealthChoice Health Insurance Board which
11 shall consist of eight (8) members as follows: The State Insurance
12 Commissioner, or the Commissioner's designee who shall be an
13 employee of the Insurance Department, the Director of the Office of
14 State Finance, two members appointed by the Governor, two members
15 appointed by the Speaker of the House of Representatives, and two
16 members appointed by the President Pro Tempore of the Senate. The
17 appointed members shall each receive compensation of Five Hundred
18 Dollars (\$500.00) per month. Appointed members who fail to attend a
19 regularly scheduled monthly meeting of the Board shall not receive
20 the related monthly compensation. In the event an appointed member
21 does not attend at least seventy-five percent (75%) of the regularly
22 scheduled monthly meetings of the Board during a calendar year, the
23 appointing authority may remove the member. A member may also be
24 removed for any other cause as provided by law. A vacancy in the

1 office of the appointed member shall be filled for the unexpired
2 term of office in the same manner as the original appointment.

3 ~~(2)~~ B. The initial term of office of the members appointed by
4 the Governor shall expire on January 14, 1991. The members
5 thereafter appointed by the Governor shall serve a term of office of
6 four (4) years which is coterminous with the term of office of the
7 office of the appointing authority.

8 ~~(3)~~ C. The initial term of office of one of the members
9 appointed each by the Speaker of the House of Representatives and by
10 the President Pro Tempore of the Senate shall be for the period
11 ending June 30, 1992. The initial term of office of the other
12 member appointed each by the Speaker of the House of Representatives
13 and by the President Pro Tempore of the Senate shall be for the
14 period ending June 30, 1994. Thereafter, the term of office of the
15 members appointed by the Speaker of the House of Representatives and
16 by the President Pro Tempore of the Senate shall be four (4) years.

17 ~~(4)~~ D. The appointed members shall:

18 ~~(a)~~ have 1. Have demonstrated professional experience in
19 investment or funds management, public funds management, public or
20 private group health or pension fund management, or group health
21 insurance management; or

22 ~~(b)~~ be 2. Be licensed to practice law in this state and have
23 demonstrated professional experience in commercial matters; or

24

1 ~~(c)~~ be 3. Be licensed by the Oklahoma Accountancy Board to
2 practice in this state as a public accountant or a certified public
3 accountant.

4 In making appointments that conform to the requirements of this
5 subsection, at least one ~~(1)~~ but not more than three ~~(3)~~ members
6 shall be appointed each from paragraphs ~~(b)~~ 2 and ~~(e)~~ 3 of this
7 subsection by the combined appointing authorities.

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

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

1 ~~(7)~~ G. The Attorney General shall furnish the Board with legal
2 representation.

3 ~~(8)~~ H. The Court Administrator shall designate grievance panel
4 members as shall be necessary. The members of the grievance panel
5 shall consist of two attorneys licensed to practice law in this
6 state and one state licensed health care professional or health care
7 administrator who has at least three (3) years practical experience,
8 has had or has admitting privileges to a State of Oklahoma hospital,
9 has a working knowledge of prescription medication, or has worked in
10 an administrative capacity at some point in their career. The state
11 health care professional shall be appointed by the Governor. At the
12 Governor's discretion, one or more qualified individuals may also be
13 appointed as an alternate to serve on the grievance panel in the
14 event the Governor's primary appointee becomes unable to serve.

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

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

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

24

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

16 ~~(13)~~ ~~The Board may contract with a pay for performance program~~
17 ~~provider. The contract shall be with a group practice of a medical~~
18 ~~school with at least three hundred fifty providers in its panel for~~
19 ~~a statistically significant demonstration project among employee~~
20 ~~enrollees that select to participate in the program. The purpose of~~
21 ~~the program is to test a program's value proposition that offers~~
22 ~~financial incentives to both the health care provider and the~~
23 ~~patient for incorporating evidence-based medicine guidelines and~~
24 ~~information therapy prescriptions in the rendering and utilizing of~~

1 ~~health care. This program must offer the health care provider the~~
2 ~~flexibility to use the health care provider's clinical judgment to~~
3 ~~adhere to or deviate from the program's guidelines and still receive~~
4 ~~a financial incentive as long as the health care provider prescribes~~
5 ~~information therapy to the patient. The program shall offer a~~
6 ~~financial reward to the patient for responding to the information~~
7 ~~therapy prescription by demonstrating the patient's understanding of~~
8 ~~the patient's health condition, by demonstrating adherence to~~
9 ~~recommended care, and by judging the quality of care given to the~~
10 ~~patient against these guidelines. The program shall be offered and~~
11 ~~administered through an Internet application. This demonstration~~
12 ~~project shall collect and analyze data over a period of two (2)~~
13 ~~years in order to determine its effectiveness.~~

14 ~~(14) M. The State and Education Employees Group HealthChoice~~
15 ~~Health Insurance Board may enter into a contract with out-of-state~~
16 ~~providers in connection with any PPO or hospital or medical network~~
17 ~~plan which shall include, but not be limited to, special care~~
18 ~~facilities and hospitals outside the borders of the State of~~
19 ~~Oklahoma. The contract for out-of-state providers shall be~~
20 ~~identical to the in-state provider contracts. The State and~~
21 ~~Education Employees Group HealthChoice Health Insurance Board may~~
22 ~~negotiate for discounts from billed charges when the out-of-state~~
23 ~~provider is not a network provider and the member sought services in~~
24 ~~an emergency situation, when the services were not otherwise~~

1 available in the State of Oklahoma or when the Administrator
2 approved the service as an exceptional circumstance.

3 ~~(15)~~ N. The Administrator shall appoint an advisory committee
4 to the ~~State and Education Employees Group~~ HealthChoice Health
5 Insurance Board. The advisory committee shall consist of seven (7)
6 members. Of the members appointed to the advisory committee, at
7 least one member must be an active state employee, at least one
8 member must be a retired state employee, at least one member must be
9 an active education employee, at least one member must be a retired
10 education employee, and at least one member must be either an active
11 county employee or a retired county employee.

12 SECTION 7. AMENDATORY 74 O.S. 2001, Section 1305, is
13 amended to read as follows:

14 Section 1305. ~~(1)~~ A. The HealthChoice Health Insurance Board
15 shall hold regular meetings at least once each quarter in Oklahoma
16 City, the date, time, and place thereof to be fixed by the Board.
17 The Board shall in July of each year hold a regular meeting which
18 shall be the annual meeting, at which meeting it shall elect its
19 officers.

20 ~~(2)~~ B. Special meetings may be called upon written notice of
21 the chairman or by agreement of any five members of the Board.
22 Notice of a special meeting shall be delivered to all members in
23 person or by registered or certified United States mail not less
24 than seven (7) days prior to the date fixed for the meeting.

1 ~~provided, however, that notice.~~ Notice of ~~such~~ a special meeting
2 may be waived by any member either before or after such meeting and
3 attendance at such meeting shall constitute a waiver of notice of
4 such meeting, unless a member participates ~~therein~~ solely to object
5 to the transaction of any business because the meeting has not been
6 legally called or convened.

7 ~~(3)~~ C. A majority of the members of the Board shall constitute
8 a quorum for the transaction of business, and any official action of
9 the Board must have a favorable vote by a majority of the members of
10 the Board present.

11 ~~(4)~~ D. The members shall be reimbursed for their expenses,
12 according to the State Travel Reimbursement Act, as are incurred in
13 the performance of their duties, which shall be paid from the Health
14 Insurance Reserve Fund. No Board member shall be individually or
15 personally liable for any action of the Board.

16 ~~(5)~~ E. The members of the Board, the Administrator and the
17 employees of the Board shall not accept gifts or gratuities from an
18 individual organization with a value in excess of Fifty Dollars
19 (\$50.00) per year. The provisions of this section shall not be
20 construed to prevent the members of the Board, the Administrator or
21 the employees of the Board from attending educational seminars,
22 conferences, meetings or similar functions which are paid for,
23 directly or indirectly, by more than one organization.

24

1 SECTION 8. AMENDATORY 74 O.S. 2001, Section 1305.1, as
2 amended by Section 2, Chapter 196, O.S.L. 2002 (74 O.S. Supp. 2009,
3 Section 1305.1), is amended to read as follows:

4 Section 1305.1 ~~(1) A.~~ A. ~~The State and Education Employees Group~~
5 HealthChoice Health Insurance Board shall discharge their duties
6 with respect to the State and Education Employees Group Insurance
7 Act, ~~the State Employees Flexible Benefits Act and the State~~
8 ~~Employees Disability Program Act solely in the interest of said Acts~~
9 and:

10 ~~(a) for~~ 1. For the exclusive purpose of:

11 ~~(i)~~ providing health and dental benefits to the participants
12 and their dependents, and

13 ~~(ii)~~ defraying reasonable expenses of administering the State
14 and Education Employees Group Insurance Act, ~~the State Employees~~
15 ~~Flexible Benefits Act and the State Employees Disability Program~~
16 ~~Act;~~

17 ~~(b) with~~ 2. With the care, skill, prudence, and diligence
18 under the circumstances then prevailing that a prudent person acting
19 in a like capacity and familiar with such matters would use in the
20 conduct of an enterprise of a like character and with like aims;

21 ~~(c) by~~ 3. By diversifying investments so as to minimize the
22 risk of large losses, unless under the circumstances it is clearly
23 prudent not to do so; and

24

1 ~~(d)~~ in 4. In accordance with the laws, documents and
2 instruments governing the State and Education Employees Group
3 Insurance Act, ~~the State Employees Flexible Benefits Act and the~~
4 ~~State Employees Disability Program Act.~~

5 ~~(2)~~ B. The monies received by the ~~State and Education Employees~~
6 ~~Group~~ HealthChoice Health Insurance Board shall be invested only in
7 assets eligible for the investment of funds of legal reserve life
8 insurance companies in this state as provided for in Sections 1602
9 through 1611, 1613 through 1620, and 1622 through 1624 of Title 36
10 of the Oklahoma Statutes. The term admitted assets shall mean the
11 amount of the monies received by the Board and the provisions
12 relating to limitation of investments as a percentage of surplus and
13 loans to policyholders shall be inapplicable with respect to
14 investment of the monies received by the Board.

15 ~~(3)~~ C. The Board may procure insurance indemnifying the members
16 of the Board from personal loss or accountability from liability
17 resulting from a member's action or inaction as a member of the
18 Board.

19 ~~(4)~~ D. The Board may establish an investment committee. The
20 investment committee shall be composed of not more than five (5)
21 members of the Board appointed by the chairman of the Board. The
22 committee shall make recommendations to the full Board on all
23 matters related to the choice of custodians and managers of the
24 assets of the Board, on the establishment of investment and fund

1 management guidelines, and in planning future investment policy.
2 The committee shall have no authority to act on behalf of the Board
3 in any circumstances whatsoever. No recommendation of the committee
4 shall have effect as an action of the Board nor take effect without
5 the approval of the Board as provided by law.

6 ~~(5)~~ E. The Board shall retain qualified investment managers to
7 provide for the investment of the monies received by the Board. The
8 investment managers shall be chosen by a solicitation of proposals
9 on a competitive bid basis pursuant to standards set by the Board.
10 Subject to the overall investment guidelines set by the Board, the
11 investment managers shall have full discretion in the management of
12 those monies of the Board allocated to the investment managers. The
13 Board shall manage those monies not specifically allocated to the
14 investment managers. The monies of the Board allocated to the
15 investment managers shall be actively managed by the investment
16 managers, which may include selling investments and realizing losses
17 if such action is considered advantageous to longer term return
18 maximization. Because of the total return objective, no distinction
19 shall be made for management and performance evaluation purposes
20 between realized and unrealized capital gains and losses.

21 ~~(6)~~ F. Funds and revenues for investment by the investment
22 managers or the Board shall be placed with a custodian selected by
23 the Board. The custodian shall be a bank or trust company offering
24 pension fund master trustee and master custodial services. The

1 | custodian shall be chosen by a solicitation of proposals on a
2 | competitive bid basis pursuant to standards set by the Board. In
3 | compliance with the investment policy guidelines of the Board, the
4 | custodian bank or trust company shall be contractually responsible
5 | for ensuring that all monies of the Board are invested in income-
6 | producing investment vehicles at all times. If a custodian bank or
7 | trust company has not received direction from the investment
8 | managers of the Board as to the investment of the monies of the
9 | Board in specific investment vehicles, the custodian bank or trust
10 | company shall be contractually responsible to the Board for
11 | investing the monies in appropriately collateralized short-term
12 | interest-bearing investment vehicles.

13 | ~~(7) By November 1, 1989, and prior~~ G. Prior to August 1 of
14 | each year thereafter, the Board shall develop a written investment
15 | plan for the monies received by the Board.

16 | ~~(8) H.~~ H. The Administrator shall compile a quarterly financial
17 | report of all the funds of the Board on a calendar year basis. The
18 | report shall be compiled pursuant to uniform reporting standards
19 | prescribed by the Insurance Commissioner for all domestic insurance
20 | companies. The report shall include several relevant measures of
21 | investment value, including acquisition cost and current fair market
22 | value with appropriate summaries of total holdings and returns. The
23 | report shall contain combined and individual rate of returns of the
24 | investment managers by category of investment, over periods of time.

1 The report shall be distributed to the Governor, the Legislative
2 Service Bureau and the Joint Liaison Committee on ~~Fiscal Operations~~
3 State Benefits created in Section of this act.

4 SECTION 9. AMENDATORY 74 O.S. 2001, Section 1305.2, is
5 amended to read as follows:

6 Section 1305.2 ~~(1)~~ A. A fiduciary with respect to the ~~State~~
7 ~~and Education Employees Group~~ HealthChoice Health Insurance Board
8 shall not cause the Board to engage in a transaction if the
9 fiduciary knows or should know that such transaction constitutes a
10 direct or indirect:

11 ~~(a) sale~~ 1. Sale or exchange, or leasing of any property from
12 the Board to a party in interest for less than adequate
13 consideration or from a party in interest to the Board for more than
14 adequate consideration;

15 ~~(b) lending~~ 2. Lending of money or other extension of credit
16 from the Board to a party in interest without the receipt of
17 adequate security and a reasonable rate of interest, or from a party
18 in interest to the Board with provision of excessive security or an
19 unreasonably high rate of interest;

20 ~~(c) furnishing~~ 3. Furnishing of goods, services or facilities
21 from the Board to a party in interest for less than adequate
22 consideration, or from a party in interest to the Board for more
23 than adequate consideration; or

24

1 ~~(d) transfer~~ 4. Transfer to, or use by or for the benefit of,
2 a party in interest of any assets of the Board for less than
3 adequate consideration.

4 ~~(2) B.~~ A fiduciary with respect to the Board shall not:

5 ~~(a) deal~~ 1. Deal with the assets of the Board in the
6 fiduciary's own interest or for the fiduciary's own account;

7 ~~(b) in~~ 2. In the fiduciary's individual or any other capacity
8 act in any transaction involving the Board on behalf of a party
9 whose interests are adverse to the interests of the Board or the
10 interests of its participants or beneficiaries; or

11 ~~(c) receive~~ 3. Receive any consideration for the fiduciary's
12 own personal account from any party dealing with the Board in
13 connection with a transaction involving the assets of the Board.

14 ~~(3) C.~~ A fiduciary with respect to the Board may:

15 ~~(a) invest~~ 1. Invest all or part of the assets of the Board in
16 deposits which bear a reasonable interest rate in a bank or similar
17 financial institution supervised by the United States or a state, if
18 such bank or other institution is a fiduciary of such plan; or

19 ~~(b) provide~~ 2. Provide any ancillary service by a bank or
20 similar financial institution supervised by the United States or a
21 state, if such bank or other institution is a fiduciary of such
22 plan.

23

24

1 ~~(4)~~ D. A person or a financial institution is a fiduciary with
2 respect to the Board to the extent that the person or the financial
3 institution:

4 ~~(a)~~ exercises 1. Exercises any discretionary authority or
5 discretionary control respecting management of the Board or
6 exercises any authority or control respecting management or
7 disposition of the assets of the Board;

8 ~~(b)~~ renders 2. Renders investment advice for a fee or other
9 compensation, direct or indirect, with respect to any monies or
10 other property of the Board, or has any authority or responsibility
11 to do so; or

12 ~~(c)~~ has 3. Has any discretionary authority or discretionary
13 responsibility in the administration of the Board.

14 SECTION 10. AMENDATORY 74 O.S. 2001, Section 1306, as
15 last amended by Section 3, Chapter 231, O.S.L. 2006 (74 O.S. Supp.
16 2009, Section 1306), is amended to read as follows:

17 Section 1306. ~~The State and Education Employees Group~~
18 HealthChoice Health Insurance Board shall administer and manage the
19 group health and dental insurance plans ~~and the flexible benefits~~
20 ~~plan and~~, subject to the provisions of the State and Education
21 Employees Group Insurance Act ~~and the State Employees Flexible~~
22 ~~Benefits Act~~, and shall have the following powers and duties:

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

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

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

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

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

16 6. The establishment of a grievance procedure by which a three-
17 member grievance panel shall act as an appeals body for complaints
18 by insured employees regarding the allowance and payment of claims,
19 ~~eligibility,~~ and other health coverage matters. Except for
20 grievances settled to the satisfaction of both parties prior to a
21 hearing, any person who requests in writing a hearing before the
22 grievance panel shall receive a hearing before the panel. The
23 grievance procedure provided by this paragraph shall be the
24 exclusive remedy available to insured employees having complaints

1 against the insurer. Such grievance procedure shall be subject to
2 the Oklahoma Administrative Procedures Act, including provisions
3 thereof for review of agency decisions by the district court. The
4 grievance panel shall schedule a hearing regarding the allowance and
5 payment of claims, ~~eligibility~~ and other health coverage matters
6 within sixty (60) days from the date the grievance panel receives a
7 written request for a hearing unless the panel orders a continuance
8 for good cause shown. Upon written request by the insured employee
9 to the grievance panel and received not less than ten (10) days
10 before the hearing date, the grievance panel shall cause a full
11 stenographic record of the proceedings to be made by a competent
12 court reporter at the insured employee's expense;

13 ~~7.~~ 5. The continuing study of the operation of such insurance
14 and benefit plans as the Board may offer including such matters as
15 gross and net costs, administrative costs, benefits, utilization of
16 benefits, and claims administration;

17 ~~8.~~ 6. The administration of the Health, and Dental ~~and Life~~
18 Insurance Reserve Fund or Funds, ~~the Flexible Benefits Revolving~~
19 ~~Fund and the Education Employees Group Insurance Reserve Fund;~~

20 ~~9.~~ 7. The auditing of the claims paid pursuant to the
21 provisions of the State and Education Employees Group Insurance Act,
22 ~~the State Employees Flexible Benefits Act and the State Employees~~
23 ~~Disability Program Act;~~

24

1 ~~10. a. To select and contract with federally qualified Health~~
2 ~~Maintenance Organizations under the provisions of 42~~
3 ~~U.S.C., Section 300e et seq. or with Health~~
4 ~~Maintenance Organizations granted a certificate of~~
5 ~~authority by the Insurance Commissioner pursuant to~~
6 ~~Sections 6901 through 6951 of Title 36 of the Oklahoma~~
7 ~~Statutes for consideration by employees as an~~
8 ~~alternative to the state self insured health plan, and~~
9 ~~to transfer to the HMOs such funds as may be approved~~
10 ~~for an employee electing HMO alternative services.~~
11 ~~The Board may also select and contract with a vendor~~
12 ~~to offer a point of service plan. An HMO may offer~~
13 ~~coverage through a point of service plan, subject to~~
14 ~~the guidelines established by the Board. However, if~~
15 ~~the Board chooses to offer a point of service plan,~~
16 ~~then a vendor that offers both an HMO plan and a~~
17 ~~point of service plan may choose to offer only its~~
18 ~~point of service plan in lieu of offering its HMO~~
19 ~~plan.~~

20 ~~b. Benefit plan contracts with the State and Education~~
21 ~~Employees Group Insurance Board, Health Maintenance~~
22 ~~Organizations, and other third party insurance vendors~~
23 ~~shall provide for a risk adjustment factor for adverse~~
24 ~~selection that may occur, as determined by the Board,~~

1 ~~based on generally accepted actuarial principles. The~~
2 ~~risk adjustment factor shall include all members~~
3 ~~participating in the plans offered by the State and~~
4 ~~Education Employees Group Insurance Board. The~~
5 ~~Oklahoma State Employees Benefits Council shall~~
6 ~~contract with an actuary to provide the above~~
7 ~~actuarial services, and shall be reimbursed for these~~
8 ~~contract expenses by the Board.~~

9 e. ~~Effective for the plan year beginning January 1, 2007,~~
10 ~~and for each year thereafter, in setting health~~
11 ~~insurance premiums for active employees and for~~
12 ~~retirees under sixty five (65) years of age, HMOs,~~
13 ~~self-insured organizations and prepaid plans shall set~~
14 ~~the monthly premium for active employees to be equal~~
15 ~~to the premium for retirees under sixty five (65)~~
16 ~~years of age;~~

17 ~~11.~~ 8. To contract for reinsurance, catastrophic insurance, or
18 any other type of insurance deemed necessary by the Board.

19 Provided, however, that the Board shall not offer a health plan
20 which is owned or operated by the state and which utilizes a
21 capitated payment plan for providers which uses a primary care
22 physician as a gatekeeper to any specialty care provided by
23 physician-specialists, unless specifically authorized by the
24 Legislature;

1 ~~12.~~ 9. The Board, pursuant to the provisions of Section 250 et
2 seq. of Title 75 of the Oklahoma Statutes, shall adopt such rules
3 consistent with the provisions of the State and Education Employees
4 Group Insurance Act as it deems necessary to carry out its statutory
5 duties and responsibilities. Emergency Rules adopted by the Board
6 and approved by the Governor which are in effect on the first day of
7 the Regular Session of the Oklahoma Legislature shall not become
8 null and void until January 15 of the subsequent calendar year;

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

18 ~~14.~~ 11. The Board shall contract for utilization review
19 services with a company experienced in utilization review, data base
20 evaluation, market research, and planning and performance of the
21 health insurance plan;

22 ~~15.~~ 12. The Board shall have the authority to determine all
23 rates ~~and life,~~ for dental and health benefits. Except as otherwise
24 provided for in Section 1321 of this title, the Board shall not have

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

9 ~~Effective for the plan year beginning January 1, 2007, and for~~
10 ~~each plan year thereafter, in~~ In setting health insurance premiums
11 for active employees and retirees under sixty-five (65) years of
12 age, the Board shall set the monthly premium for active employees to
13 be equal to the monthly premium for retirees under sixty-five (65)
14 years of age;

15 ~~16.~~ 13. Before December 1 of each year the Board shall submit
16 to the Director of the Office of State Finance a report outlining
17 the financial condition for the previous fiscal year of all
18 insurance plans offered by the Board. The report shall include a
19 complete explanation of all reserve funds and the actuarial
20 projections on the need for such reserves. The report shall include
21 and disclose an estimate of the future trend of medical costs, the
22 impact from HMO enrollment, antiselection, changes in law, and other
23 contingencies that could impact the financial status of the plan.
24 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~~ and
5 Wellness Office by January 15;

6 ~~17.~~ 14. The Board shall establish a prescription drug card
7 network;

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

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

19 ~~20.~~ 16. Beginning with the plan year which begins on January 1,
20 2006, the Board shall select and contract with one or more providers
21 to offer a group TRICARE Supplement product to eligible employees
22 who are eligible TRICARE beneficiaries. Any membership dues
23 required to participate in a group TRICARE Supplement product
24 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.~~

24

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

12 SECTION 11. AMENDATORY 74 O.S. 2001, Section 1307, is
13 amended to read as follows:

14 Section 1307. A. The specifications drawn by the HealthChoice
15 Health Insurance Board for the Health Insurance Plan shall provide
16 for comprehensive hospital medical and surgical benefits. The
17 Health Insurance Plan may limit coverage for a particular illness,
18 disease, injury or condition; but, except for such limits, shall not
19 exclude or limit particular services or procedures that can be
20 provided for the diagnosis and treatment of an illness, disease,
21 injury or condition, so long as the services and procedures provided
22 are of sound efficacy, are medically necessary, and fall within the
23 licensed scope of practice of the practitioner providing same. The
24 Health Insurance Plan may provide for the application of deductibles

1 and copayment or coinsurance provisions, when equally applied to all
2 covered charges for services and procedures that can be provided by
3 any practitioner for the diagnosis and treatment of a particular
4 illness, disease, injury or condition.

5 ~~B. The Life Insurance Plan shall include Accidental Death and~~
6 ~~Dismemberment Benefits and additional optional life insurance~~
7 ~~coverage.~~

8 SECTION 12. AMENDATORY 74 O.S. 2001, Section 1308.1, as
9 amended by Section 1, Chapter 41, O.S.L. 2004 (74 O.S. Supp. 2009,
10 Section 1308.1), is amended to read as follows:

11 Section 1308.1 ~~(1)~~ A. An educational entity may extend the
12 benefits of the health insurance plan, and the dental insurance
13 plan, and the life insurance plan offered by the HealthChoice Health
14 Insurance Board to education employees employed by said entity. The
15 benefits of said plans for an education employee shall be the same
16 and shall include the same plan options as would be made available
17 to a state employee participating in the plan that resided at the
18 same location. ~~Notwithstanding the provisions of Section 1308.2 of~~
19 ~~this title, a period shall exist for enrolling education entities~~
20 ~~from April 1, 1989 through October 1, 1991, whereby education~~
21 ~~employees of a participating education entity may be enrolled,~~
22 ~~pursuant to this act, during the entities' initial enrollment~~
23 ~~period, regardless of preexisting conditions.~~ The Board shall adopt
24 rules and regulations for enrollment by which education entities may

1 apply to participate in said insurance plans. Once an education
2 entity becomes a participant in the health and dental insurance
3 plans offered through the State and Education Employees Group
4 Insurance Act, the education entity may withdraw from said
5 participation, in a manner prescribed by the Board. If a school
6 district is participating in the health and dental insurance plans
7 pursuant to the State and Education Employees Group Insurance Act,
8 Section 1301 et seq. of this title, the employees of the school
9 district who are eligible to participate in the health and dental
10 plans, at such time as the school district may withdraw from such
11 participation, may require the board of education of the school
12 district to call an election to allow said employees to vote as to
13 whether the school district shall continue participation in the
14 health and dental insurance plans offered through the State and
15 Education Employees Group Insurance Act. Upon the filing with the
16 board of education of a petition calling for such an election which
17 is signed by no less than thirty percent (30%) of the eligible
18 employees of the school district, the board of education shall call
19 an election for the purpose of determining whether the school
20 district shall continue participation in the health and dental
21 insurance plans offered through the State and Education Employees
22 Group Insurance Act. The election shall be held within thirty (30)
23 days of the filing of the petition. If a majority of those eligible
24 employees voting at the election vote to continue participation in

1 the health and dental insurance plans offered through the State and
2 Education Employees Group Insurance Act, the board of education
3 shall be prohibited from withdrawing the school district from such
4 participation. If a majority of those eligible employees voting at
5 the election vote against continued participation in the health and
6 dental insurance plans offered through the State and Education
7 Employees Group Insurance Act, the board of education of the school
8 district shall apply to discontinue such participation within thirty
9 (30) days of the election and within the times the school district
10 is authorized to withdraw from participation in accordance with
11 rules established for withdrawal by the State and Education
12 Employees Group Insurance Board.

13 ~~(2) B. Except as otherwise provided in this subsection, when an~~
14 ~~education entity participates in the health and dental insurance~~
15 ~~plans offered through the State and Education Employees Group~~
16 ~~Insurance Act, all employees shall be advised of Health Maintenance~~
17 ~~Organizations prepaid plans available as an alternative to the state~~
18 ~~self-insured health insurance plan. Eligible part-time education~~
19 employees, at the option of the employee, may enroll in the plans
20 either at the time the education entity begins participation in the
21 plans or, if later, upon a showing of insurability to the
22 satisfaction of the Board.

23 ~~(3) C. Any employee of an education entity participating in the~~
24 health and dental insurance plans offered through the State and

1 Education Employees Group Insurance Act who is employed after the
2 education entity began said participation may be enrolled in the
3 health and dental insurance plans ~~or HMO plans~~ approved by the Board
4 on the first day of the second month of employment.

5 ~~(4)~~ D. Upon initial enrollment of an institution of higher
6 education to participate in the health and dental insurance plans
7 offered through the State and Education Employees Group Insurance
8 Act, all individuals presently insured by said institution's present
9 group health insurance plan shall become enrolled in said state
10 plans for the remaining period of said institution's contractual
11 liabilities.

12 ~~(5)~~ E. Education employees who shall be absent from the
13 teaching service because of election or appointment as a local,
14 state, or national education association officer shall be allowed to
15 retain coverage pursuant to the State and Education Employees Group
16 Insurance Act upon the payment of the full cost of the coverage at
17 the rate and under such terms and conditions established by the
18 Board.

19 ~~(6)~~ F. Except as otherwise provided by law, an educational
20 entity may cease to participate in the State and Education Employees
21 Group Insurance Act but provide health insurance coverage through
22 another insurance carrier. The subsequent carrier shall provide
23 coverage to the employees of the educational entity who terminated
24 employment with a retirement benefit, with a vested benefit, or who

1 have ten (10) or more years of service with a participating
2 educational entity but did not have a vested benefit through the
3 retirement system of the educational entity, if the election to
4 retain health insurance coverage was made within thirty (30) days of
5 termination of employment. Coverage shall also be provided to the
6 eligible dependents of the employees if an election to retain
7 coverage is made within thirty (30) days of termination of
8 employment.

9 SECTION 13. AMENDATORY 74 O.S. 2001, Section 1309, is
10 amended to read as follows:

11 Section 1309. A. Any eligible employee may elect to have a
12 dependent or dependents of the employee covered by the Health
13 Insurance Plan and Dental Insurance Plan ~~or by any available Health~~
14 ~~Maintenance Organization (HMO)~~ approved by the Board. The employee
15 may elect to cover all dependent children and not elect to cover the
16 spouse of the employee. Such election shall be made at the time the
17 employee becomes enrolled in the Plan, under such procedures as the
18 Board may establish. If dependent coverage is not elected or if the
19 employee elects to cover all dependent children and not the spouse
20 of the employee at the time an employee becomes enrolled in the
21 Plan, dependent coverage or coverage for the spouse cannot be
22 elected until the next enrollment period or until a qualifying event
23 has occurred as established by the Board. Such subsequent election
24 of dependent coverage shall be made under such conditions as the

1 Board may impose. If electing not to cover the spouse, the employee
2 shall submit a statement signed by both the employee and the spouse
3 acknowledging their choice not to provide insurance coverage for the
4 spouse under the Health Insurance Plan and Dental Insurance Plan ~~or~~
5 ~~approved HMO plans.~~

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

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

15 SECTION 14. AMENDATORY 74 O.S. 2001, Section 1310.1, as
16 last amended by Section 1, Chapter 373, O.S.L. 2004 (74 O.S. Supp.
17 2009, Section 1310.1), is amended to read as follows:

18 Section 1310.1 A. If a certified employee elects health care
19 coverage under a plan offered by a school district, including a plan
20 offered by the State and Education Employees Group Insurance Board
21 or a self-insured plan offered by the school district, then a school
22 district shall pay for the fiscal year ending June 30, 2005, and
23 each fiscal year thereafter, no less than one hundred percent (100%)
24 of the premium amount ~~for the HealthChoice (HI) option plan for an~~

1 ~~individual offered by the State and Education Employees Group~~
2 ~~Insurance Board.~~

3 The amount a school district is required to pay pursuant to this
4 subsection shall be reduced by the flexible benefit allowance
5 provided for in Section 26-105 of Title 70 of the Oklahoma Statutes.

6 B. The premium for education entities that participate in the
7 health and dental insurance plans offered through the State and
8 Education Employees Group Insurance Act shall be the same as paid by
9 state agencies for said plans.

10 C. All education entities that participate in the insurance
11 plans offered through the State and Education Employees Group
12 Insurance Act shall forward the appropriate premiums for each
13 employee to the Board no later than the tenth day of each month
14 following the month for which payment is due.

15 SECTION 15. AMENDATORY 74 O.S. 2001, Section 1311.1, is
16 amended to read as follows:

17 Section 1311.1 The amount of monthly contribution to be made by
18 persons who are drawing disability benefits under Section 1331 et
19 seq. of Title 74 of the Oklahoma Statutes and who are enrolled in
20 the Group Insurance Plans shall be deducted from the monthly
21 disability benefits of such persons and remitted to the ~~Board~~
22 Oklahoma State Benefits and Wellness Office. The procedures for
23 such deductions and remittances shall be established by the ~~Board~~
24 Office.

1 SECTION 16. AMENDATORY 74 O.S. 2001, Section 1312, is
2 amended to read as follows:

3 Section 1312. ~~(1)~~ Except as otherwise provided by law, all
4 employee and employer contributions, appropriations and dividend
5 payments related to the health and dental plans administered by the
6 ~~State and Education Employees Group~~ HealthChoice Health Insurance
7 Board shall be deposited in a fund in the State Treasury which is
8 hereby created and which shall be known as the Health and Dental
9 Insurance Reserve Fund. The money in such fund shall be invested by
10 the Board in the manner specified in Section 1305.1 of this title.
11 Investment income of the fund shall be added to the fund. Money
12 payable to the claims administrator and all expenses in connection
13 with the plans shall be paid from the fund. The Board shall have
14 responsibility for management of the fund.

15 ~~(2) All monies in the Health and Dental Insurance Reserve Fund~~
16 ~~that are reserves for the life insurance plan administered by the~~
17 ~~State and Education Employees Group Insurance Board shall be~~
18 ~~transferred to the Life Insurance Reserve Fund on July 1, 1989.~~

19 SECTION 17. AMENDATORY 74 O.S. 2001, Section 1312.1, is
20 amended to read as follows:

21 Section 1312.1 There is hereby created in the State Treasury a
22 Revolving Fund for the State and Education Employees Group Insurance
23 Plan. The revolving fund shall consist of funds transferred from
24 the Health and Dental Insurance Reserve Fund ~~and the Life Insurance~~

1 ~~Reserve Fund~~ for operational expenses of the State Health and Life
2 Insurance Plan and monies assessed from or collected for and due a
3 ~~Health Maintenance Organization (HMO) as approved by the Board.~~
4 Expenditures from said funds shall be made pursuant to the laws of
5 the state and statutes relating to the Plan. This revolving fund
6 shall be a continuing fund, not subject to fiscal year limitations,
7 and shall be under the control and management of the ~~State and~~
8 ~~Education Employees Group~~ HealthChoice Health Insurance Board.

9 SECTION 18. AMENDATORY 74 O.S. 2001, Section 1312.2, is
10 amended to read as follows:

11 Section 1312.2 ~~(1)~~ There is hereby created in the State
12 Treasury, the Life Insurance Reserve Fund. Except as otherwise
13 provided by law, all contributions, appropriations, transfers,
14 dividend payments, and investment income of the fund received from
15 or for the benefit of the life insurance plan administered by the
16 ~~State and Education Employees Group Insurance Board~~ Benefits and
17 Wellness Office shall be deposited in the reserve fund.

18 The monies in said reserve fund shall be invested by the ~~Board~~
19 ~~in the manner specified in Section 1305.1 of this title~~ Office. The
20 ~~Board~~ Office shall have responsibility for management of the fund.

21 Money payable to the claims administrator and all expenses in
22 connection with the life insurance plan shall be paid from the
23 reserve fund.

24

1 ~~(2) All monies in the Life Insurance Reserve Fund that are~~
2 ~~reserves for the health and dental plans administered by the State~~
3 ~~and Education Employees Group Insurance Board shall be transferred~~
4 ~~to the Health and Dental Insurance Reserve Fund on July 1, 1989.~~

5 SECTION 19. AMENDATORY 74 O.S. 2001, Section 1314.3, as
6 amended by Section 1, Chapter 278, O.S.L. 2004 (74 O.S. Supp. 2009,
7 Section 1314.3), is amended to read as follows:

8 Section 1314.3 ~~(1)~~ A. All otherwise eligible employees hired
9 by the Oklahoma Employment Security Commission after the effective
10 date of this act shall participate in the State Plan and shall not
11 be entitled to the supplemental health insurance for which provision
12 is made in this act nor to any other Commission benefit plan not
13 generally available to state employees, and no other provisions of
14 this act shall apply to such future hirees.

15 ~~(2)~~ B. All otherwise eligible Commission employees not
16 participating in the Agency Plan as of the effective date of this
17 act shall be enrolled in the State Plan on July 1, 1990. Said
18 nonparticipating Commission employees shall not be entitled to the
19 supplemental health insurance for which provision is made in this
20 act.

21 ~~(3)~~ C. All Commission employees, retirees and dependents
22 participating in the Agency Plan as of the effective date of this
23 act shall be permitted to transfer to the State Plan and receive the
24 supplemental insurance benefits for which provision is made in

1 Section 1314.4 of this title at such time as the supplemental
2 insurance is available. If not sooner transferred, all Agency Plan
3 participants shall be transferred to the State Plan on January 1,
4 1991. Such mandatory transfer shall occur simultaneously with any
5 cancellation by the insurance provider of the Agency Plan, occurring
6 prior to January 1, 1991.

7 ~~(4)~~ D. All Commission employees, retirees and dependents
8 enrolling in or transferring to the State Plan under the provisions
9 of this section shall be given the opportunity to participate in all
10 options under the State Plan at the time of their enrollment or
11 transfer.

12 ~~(5)~~ E. For active employees of the Commission, the Commission
13 shall pay the same monthly premium toward employee-only coverage as
14 that set by the ~~State and Education Employees Group~~ HealthChoice
15 Health Insurance Board and paid by the other state agencies
16 participating in the state health insurance program. For retirees
17 of the Commission who retired pursuant to the provisions of the
18 Oklahoma Public Employees Retirement System, the Oklahoma Public
19 Employees Retirement System shall pay the same monthly contribution
20 towards premiums for regular or Medicare supplement health insurance
21 coverage for those retirees as the amount paid towards the premiums
22 for the Oklahoma Public Employees Retirement System retirees from
23 other agencies. For retirees of the Commission who retired under
24 the provisions of another retirement plan, the Commission shall pay

1 the same monthly contribution towards premiums for regular or
2 Medicare supplement health insurance coverage for those retirees as
3 the amount paid towards premiums by the Oklahoma Public Employees
4 Retirement System for retirees of other state agencies.

5 ~~(6) F.~~ Except as provided in this subsection, employees and
6 retirees of the Commission, and their dependents, shall be covered
7 under the dental ~~and life insurance plans~~ plan provided by the State
8 ~~and Education Employees Group~~ HealthChoice Health Insurance Board
9 pursuant to the same provisions and premiums as apply to the
10 employees and retirees of other state agencies. ~~Employees and~~
11 ~~retirees may elect to keep their present agency offered life~~
12 ~~insurance, in addition to the state life insurance. Any employee~~
13 ~~who elects to keep their agency offered life insurance shall pay the~~
14 ~~premium for the life insurance provided pursuant to the State and~~
15 ~~Education Employees Group Insurance Act. Any Commission retiree who~~
16 ~~elects to participate in the life insurance program provided~~
17 ~~pursuant to the State and Education Employees Group Insurance Act~~
18 ~~shall pay the premium for such coverage.~~

19 ~~(7) In the event that the agency offered life insurance plan is~~
20 ~~canceled by the insurer offering it, the Commission shall contract~~
21 ~~with the State and Education Employees Group Insurance Board for~~
22 ~~replacement coverage equal to that lost by said cancellation. Said~~
23 ~~Board is expressly authorized and directed to enter into such a~~
24 ~~contract. The Commission and the participants shall pay the full~~

1 ~~actuarial costs and all reasonable administrative costs for such~~
2 ~~coverage. Said actuarial and administrative costs shall be divided~~
3 ~~between the Commission and the participants in the same ratio as~~
4 ~~premiums are now divided for the agency offered life insurance. The~~
5 ~~Board shall maintain separate reserves for said coverage. On~~
6 ~~January 1, 2005, the Commission shall convert the agency offered~~
7 ~~life insurance to the life insurance plans provided by the State and~~
8 ~~Education Employees Group Insurance Board pursuant to the same~~
9 ~~provisions and premiums as apply to the employees and retirees of~~
10 ~~other state agencies. The Commission may offer eligible employees~~
11 ~~an opportunity to voluntarily relinquish their agency life insurance~~
12 ~~upon a payment to the eligible employee, provided funds exist to do~~
13 ~~so.~~

14 SECTION 20. AMENDATORY 74 O.S. 2001, Section 1315, as
15 last amended by Section 4, Chapter 345, O.S.L. 2004 (74 O.S. Supp.
16 2009, Section 1315), is amended to read as follows:

17 Section 1315. A. Upon application in writing and subject to
18 any underwriting criteria that may be established by the ~~State and~~
19 ~~Education Employees Group~~ HealthChoice Health Insurance Board, the
20 Board may extend the benefits of the State and Education Employees
21 Group Health and Life Insurance Plans to employees who are employed
22 in positions requiring actual performance of duty during not less
23 than one thousand (1,000) hours per year and to all full-time
24 employees of:

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

- 3 a. county,
- 4 b. city,
- 5 c. town,
- 6 d. public trust for which the state is the primary
7 beneficiary, or
- 8 e. conservation districts; and

9 2. Any of the following groups:

- 10 a. county hospital,
- 11 b. rural water district, including employees and board
12 members,
- 13 c. sewer district,
- 14 d. gas district,
- 15 e. solid waste management district,
- 16 f. nonprofit water corporation employees and board
17 members,
- 18 g. conservancy district or master conservancy district
19 authorized by the provisions of Section 541 of Title
20 82 of the Oklahoma Statutes,
- 21 h. voluntary organization of Oklahoma local government
22 jurisdictions listed in Section 2003 of Title 62 of
23 the Oklahoma Statutes including any council created by
24 the voluntary organizations,

1 i. voluntary association designated to administer the
2 County Government Council as authorized in Section 7
3 of Title 19 of the Oklahoma Statutes,

4 j. statewide nonprofit entities representing employees of
5 the state or employees of local political subdivisions
6 who are eligible for insurance benefits authorized by
7 the provisions of the State and Education Employees
8 Group Insurance Act, or

9 k. statewide nonprofit entities receiving state funds to
10 provide no cost legal services to low income and
11 senior citizens.

12 B. Applications to participate in the State and Education
13 Employees Group Health and Life Insurance Plans shall be approved by
14 majority action of the governing body of the groups listed in
15 subsection A of this section.

16 C. Groups listed in subsection A of this section participating
17 in the Oklahoma State and Education Employees Group Health and Life
18 Insurance Plans shall pay all costs attributable to their
19 participation. The benefits of said plans for a participant
20 provided coverage pursuant to this section shall be the same and
21 shall include the same plan options as would be made available to a
22 state employee participating in the plan that resided at the same
23 location. The premium for participating groups listed in subsection
24

1 A of this section shall be the same as paid by state and education
2 employees.

3 D. Participating groups listed in subsection A of this section
4 shall not be required to offer dental insurance as defined in
5 paragraph ~~(11)~~ 10 of Section 1303 of this title, or other insurance
6 as defined in paragraph ~~(12)~~ 11 of Section 1303 of this title.

7 However, if dental insurance or any other insurance is offered, it
8 must be provided to all eligible employees. If an employee retires
9 and begins to receive benefits from the Oklahoma Public Employees
10 Retirement System or terminates service and has a vested benefit
11 with the Oklahoma Public Employees Retirement System, the employee
12 may elect, in the manner provided in Section 1316.2 of this title,
13 to participate in the dental insurance plan offered through the
14 State and Education Employees Group Insurance Act within thirty (30)
15 days from the date of termination of employment. The employee shall
16 pay the full cost of the dental insurance.

17 E. 1. Any employee of a group listed in subsection A of this
18 section who retires or who has a vested benefit pursuant to the
19 Oklahoma Public Employees Retirement System may begin the health
20 insurance coverage if the employer of the employee is not a
21 participant of the State and Education Employees Group Insurance Act
22 and does not offer health insurance to its employees. Such election
23 by the employee to begin coverage shall be made within thirty (30)
24 days from the date of termination of service.

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

8 F. Any county, city, town, county hospital, public trust,
9 conservation district, or rural water, sewer, gas or solid waste
10 management district, or nonprofit water corporation, any of which of
11 the aforementioned groups is not a participating employer in the
12 Oklahoma Public Employees Retirement System, but which has employees
13 who are participating in the health, or dental ~~or~~ life insurance
14 plans offered by or through the State and Education Employees Group
15 Insurance Act on July 1, 1997, may continue to allow its current and
16 future employees to participate in such health, or dental ~~or~~ life
17 insurance plans. Participation of such employees may also continue
18 following termination of employment if the employee has completed at
19 least eight (8) years of service with a participating employer and
20 such an election to continue in force is made within thirty (30)
21 days following termination of employment. Any retiree or terminated
22 employee electing coverage pursuant to this section shall pay the
23 full cost of the insurance.

24

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

8 H. Notwithstanding other provisions in this section, an
9 employer listed in subsection A of this section may cease to
10 participate in the State and Education Employees Group Insurance Act
11 but provide health insurance coverage for its current and former
12 employees through another insurance carrier. The subsequent carrier
13 shall be responsible for providing coverage to the entity's
14 employees who terminated employment with a retirement benefit, with
15 a vested benefit, or who have eight (8) or more years of service
16 with a participating employer but did not have a vested benefit
17 through the Oklahoma Public Employees Retirement System, if the
18 election to retain health insurance coverage was made within thirty
19 (30) days of termination of employment. Coverage shall also be
20 provided to the eligible dependents of the employees if an election
21 to retain coverage is made within thirty (30) days of termination of
22 employment. Employees who terminate employment from an employer
23 covered by this paragraph before December 31, 2001, and elect
24 coverage under the State and Education Employees Group Insurance

1 Act, shall not be required to change insurance carriers in the event
2 that the employer changes its insurance carrier to a subsequent
3 carrier. The provisions of this subsection shall become effective
4 January 1, 2002.

5 I. Employers pursuant to subsection A of this section who
6 participate in the Oklahoma Public Employees Retirement System and
7 who offer health insurance coverage to their active employees, shall
8 offer health insurance coverage to those employees who retire from
9 the employer and also to those employees who terminate employment
10 and are eligible to elect a vested benefit in the System. Such
11 employers shall begin offering coverage to such employees on or
12 before January 1, 2004. Such employees who wish to continue
13 coverage shall make an election to retain health insurance coverage
14 within thirty (30) days of termination of employment. However,
15 former employees of such employers who have already retired or who
16 have terminated and are eligible to elect a vested benefit under the
17 Oklahoma Public Employees Retirement System, during the period
18 beginning January 1, 2002, and ending December 31, 2003, may make an
19 election to begin participation in the plans offered by the ~~State~~
20 ~~and Education Employees Group~~ HealthChoice Health Insurance Board on
21 or before December 31, 2003, in the same manner as other
22 participating retired or vested members. The employer, assisted by
23 the Oklahoma Public Employees Retirement System shall notify by
24 October 1, 2003, all members who have either retired from the System

1 or who are eligible to elect a vested benefit in the System between
2 January 1, 2002, through December 31, 2003, and who were employed by
3 an employer listed in subsection A of this section of the member's
4 potential eligibility to participate in such plans. Each employer
5 shall notify the Oklahoma Public Employees Retirement System when an
6 employee is retiring and makes the election pursuant to this
7 subsection to continue coverage under a plan offered by such
8 employer and when an employee terminates employment and is eligible
9 to elect a vested benefit in the System and such employee elects to
10 continue coverage under a plan offered by such employer. Such
11 employer shall also notify the Oklahoma Public Employees Retirement
12 System if a retired employee or an employee who is eligible to elect
13 a vested benefit in the System terminates such continued coverage.

14 J. Any group that begins participation in the State and
15 Education Employees Group Health and Life Insurance Plans after the
16 effective date of this act and that is not composed of state or
17 education employees must have one hundred percent (100%)
18 participation in the health plan offered pursuant to the State and
19 Education Employees Group Insurance Act.

20 SECTION 21. AMENDATORY Section 1, Chapter 71, O.S.L.
21 2002 (74 O.S. Supp. 2009, Section 1315.1), is amended to read as
22 follows:

23 Section 1315.1 Upon election and application by the secretary
24 of a county election board and subject to any underwriting criteria

1 that may be established by the ~~State and Education Employees Group~~
2 HealthChoice Health Insurance Board, the Board shall extend the
3 benefits of the State and Education Employees Group Health ~~and Life~~
4 Insurance Plans to the secretary of each county election board, if
5 the county in which the secretary serves is not participating in
6 such plans.

7 SECTION 22. AMENDATORY 74 O.S. 2001, Section 1316.1, as
8 amended by Section 1, Chapter 127, O.S.L. 2002 (74 O.S. Supp. 2009,
9 Section 1316.1), is amended to read as follows:

10 Section 1316.1 A. Any person who retires or who has elected to
11 receive a vested benefit under the provisions of the State of
12 Oklahoma retirement systems or persons who are currently drawing
13 disability benefits under Section 1331 et seq. of this title or who
14 meet each and every requirement of the State Employees Disability
15 Program or the spouse or dependent of any such employee may continue
16 in force the life insurance benefits ~~authorized by this act~~ offered
17 by the State Benefits and Wellness Office in a face amount of not
18 less than one-fourth (1/4) of the basic life insurance amount, if
19 such election to continue in force is made within thirty (30) days
20 from the time of severance. Persons electing to continue in force
21 life insurance benefits shall pay the full cost of the life
22 insurance and under such terms and conditions as established by the
23 ~~Board~~ Office. Further, any such retiree may continue in force any
24 additional life insurance that was purchased prior to retirement at

1 an actuarially adjusted rate and under such terms and conditions as
2 established by the ~~Board~~ Office.

3 Effective January 1, 2002, nonvested employees may also continue
4 their life insurance benefits as provided in this section following
5 termination of employment, if the employee has completed at least
6 eight (8) years of service with an employer participating in the
7 Oklahoma Public Employees Retirement System or at least ten (10)
8 years of service with an employer participating in the Teachers'
9 Retirement System of Oklahoma. The election to continue the
10 employee's life insurance in force must be made within thirty (30)
11 days after the date of termination.

12 B. Any retired employee who is receiving a benefit or
13 terminates employment with a vested benefit from the Teachers'
14 Retirement System of Oklahoma and who becomes enrolled in the health
15 insurance plan offered by the State and Education Employees Group
16 Insurance Act, pursuant to subsection E of Section 5-117.5 of Title
17 70 of the Oklahoma Statutes, may elect to purchase life insurance
18 benefits in amounts and at a cost as provided for in this section.

19 C. In lieu of subsection A of this section, any person who
20 retires or who has elected to receive a vested benefit under the
21 provisions of the State of Oklahoma retirement systems and who is
22 participating in a health insurance plan, and the dental insurance
23 plan, ~~or the life insurance plan~~ offered by the ~~State and Education~~
24 ~~Employees Group~~ HealthChoice Health Insurance Board, including such

1 persons who are currently drawing disability benefits under Section
2 1331 et seq. of this title or who meet each and every requirement of
3 the State Employees Disability Program on or before July 1, 1999, or
4 the spouse of any such person may elect to purchase life insurance
5 benefits authorized by this subsection in a face amount not to
6 exceed Fifty Thousand Dollars (\$50,000.00). Eligible persons
7 pursuant to this subsection shall make an election by January 1,
8 2000, to purchase the life insurance coverage provided in this
9 subsection. Life insurance coverage pursuant to this subsection
10 shall depend upon providing satisfactory evidence of insurability
11 for the person who is to be covered. Life insurance coverage,
12 pursuant to this subsection, shall be purchased in blocks of Five
13 Thousand Dollars (\$5,000.00). The premium for such life insurance
14 coverage shall be at a blended rate and shall be set by the ~~Board~~
15 Office. The ~~Board~~ Office shall promulgate rules necessary for the
16 implementation of the provisions of this subsection.

17 SECTION 23. AMENDATORY 74 O.S. 2001, Section 1316.2, as
18 last amended by Section 2, Chapter 198, O.S.L. 2005 (74 O.S. Supp.
19 2009, Section 1316.2), is amended to read as follows:

20 Section 1316.2 A. Any employee other than an education
21 employee who retires pursuant to the provisions of the Oklahoma
22 Public Employees Retirement System or who has a vested benefit
23 pursuant to the provisions of the Oklahoma Public Employees
24 Retirement System may continue in force the health and dental

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

1 nonvested employee as provided in this section, but who, immediately
2 prior to employment with the participating employer was covered as a
3 dependent on the health and dental insurance policy of a spouse who
4 was an active employee other than an education employee, may count
5 as part of his or her credited service for the purpose of
6 determining eligibility to elect to continue coverage under this
7 section, the time during which said terminating employee was covered
8 as such a dependent.

9 B. 1. Health insurance benefit plans offered pursuant to this
10 section shall include:

- 11 a. indemnity plans offered through the ~~State and~~
12 ~~Education Employees Group~~ HealthChoice Health
13 Insurance Board,
- 14 b. managed care plans offered as alternatives to the
15 indemnity plans offered through the ~~State and~~
16 ~~Education Employees Group~~ HealthChoice Health
17 Insurance Board,
- 18 c. Medicare supplements offered pursuant to the State and
19 Education Employees Group Insurance Act,
- 20 d. Medicare risk-sharing contracts offered as
21 alternatives to the Medicare supplements offered
22 through the ~~State and Education Employees Group~~
23 HealthChoice Health Insurance Board. All Medicare
24 risk-sharing contracts shall be subject to a risk

1 adjustment factor, based on generally accepted
2 actuarial principles for adverse selection which may
3 occur, and

4 e. for the Oklahoma Public Employee Retirement System,
5 other employer-provided health insurance benefit plans
6 if the employer does not participate in the plans
7 offered pursuant to the State and Education Employees
8 Group Insurance Act.

9 2. Health insurance benefit plans offered pursuant to this
10 section shall provide prescription drug benefits, except for plans
11 designed pursuant to the Medicare Prescription Drug Improvement and
12 Modernization Act of 2003, for which provision of prescription drug
13 benefits is optional, and except for plans offered pursuant to
14 subparagraph e of paragraph 1 of this subsection.

15 C. 1. Designated public retirement systems shall contribute a
16 monthly amount towards the health insurance premium of certain
17 individuals receiving benefits from the public retirement system as
18 follows:

19 a. a retired employee other than an education employee
20 who is receiving benefits from the Oklahoma Public
21 Employees Retirement System after September 30, 1988,
22 shall have One Hundred Five Dollars (\$105.00), or the
23 premium rate of the health insurance benefit plan,
24 whichever is less, paid by the Oklahoma Public

1 Employees Retirement System to the Board or other
2 insurance carrier of the employer if the employer does
3 not participate in the plans offered by the ~~State and~~
4 ~~Education Employees Group~~ HealthChoice Health
5 Insurance Board in the manner specified in subsection
6 G of this section,

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

17 c. a retired employee other than an education employee
18 who is receiving benefits from the Oklahoma Law
19 Enforcement Retirement System after September 30,
20 1988, is sixty-five (65) years of age or older or who
21 is under sixty-five (65) years of age and is eligible
22 for Medicare shall have One Hundred Five Dollars
23 (\$105.00), or the premium rate of the health insurance
24 benefit plan, whichever is less, paid by the Oklahoma

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

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

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

1 determined pursuant to the provisions of this
2 subsection and shall first be applied in whole or in
3 part to the prescription drug coverage premium. Any
4 remaining amount shall be applied toward the medical
5 coverage premium,

6 c. for all plans, if the amount paid by the public
7 retirement system does not cover the full cost of the
8 elected coverage, the individual shall pay the
9 remaining premium amount, and

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

12 D. For any member of the Oklahoma Law Enforcement Retirement
13 System killed in the line of duty, whether the member was killed in
14 the line of duty prior to the effective date of this act or on or
15 after the effective date of this act, or if the member was on a
16 disability leave status at the time of death, the surviving spouse
17 or dependents of such deceased member of the Oklahoma Law
18 Enforcement Retirement System may elect to continue or commence
19 health and dental insurance benefits provided said dependents pay
20 the full cost of such insurance and for deaths occurring on or after
21 July 1, 2002, such election is made within thirty (30) days of the
22 date of death. The eligibility for said benefits shall terminate
23 for the surviving children when said children cease to qualify as
24 dependents.

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

15 F. Dependents of a deceased employee who was on active work
16 status or on a disability leave at the time of death or of a
17 participating retardant or of any person who has elected to receive
18 a vested benefit under the Oklahoma Public Employees Retirement
19 System, the Uniform Retirement System for Justices and Judges or the
20 Oklahoma Law Enforcement Retirement System may continue the health
21 and dental insurance benefits in force provided said dependents pay
22 the full cost of such insurance and they were covered as eligible
23 dependents at the time of such death and such election is made
24 within thirty (30) days of date of death. The eligibility for said

1 benefits shall terminate for the surviving children when said
2 children cease to qualify as dependents.

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

14 H. Upon retirement from employment of the Board of Regents of
15 the University of Oklahoma, any person who was or is employed at the
16 George Nigh Rehabilitation Institute and who transferred employment
17 pursuant to Section 3427 of Title 70 of the Oklahoma Statutes, any
18 person who was employed at the Medical Technology and Research
19 Authority and who transferred employment pursuant to Section 7068 of
20 this title, and any person who is a member of the Oklahoma Law
21 Enforcement Retirement System pursuant to the authority of Section
22 2-314 of Title 47 of the Oklahoma Statutes may participate in the
23 benefits authorized by the provisions of the State and Education
24 Employees Group Insurance Act for retired participants, including

1 health, dental and life insurance benefits, if such election to
2 participate is made within thirty (30) days from the date of
3 termination of service. Life insurance benefits for any such person
4 who transferred employment shall not exceed the coverage the person
5 had at the time of such transfer. Retirees who transferred
6 employment and who participate pursuant to this paragraph shall pay
7 the premium for elected benefits less any amounts paid by a state
8 retirement system pursuant to this section.

9 SECTION 24. AMENDATORY 74 O.S. 2001, Section 1317, is
10 amended to read as follows:

11 Section 1317. Any legally blind person who is licensed by the
12 Department of Rehabilitation Services as a vending stand operator or
13 managing operator shall be eligible for membership in the Health
14 Insurance Plan, and Dental Insurance Plan ~~and Life Insurance Plan~~
15 referred to in the State and Education Employees Group Insurance
16 Act. Enrollment in the Plan shall be optional with each operator
17 pursuant to the rules prescribed by the ~~State and Education~~
18 ~~Employees Group~~ HealthChoice Health Insurance Board. Any payments
19 required to be made for enrollees in the Plan shall be payable by
20 the operator in such manner as may be determined by the Department
21 of Rehabilitation Services; provided, that the Department may, in
22 its discretion, make all or a part of such payments.

23 SECTION 25. AMENDATORY 74 O.S. 2001, Section 1318, is
24 amended to read as follows:

1 Section 1318. No former employee who is reemployed by a
2 participating entity within twenty-four (24) months after the date
3 of termination of previous employment shall be enrolled ~~in the State~~
4 ~~and Education Employees Group Insurance Plan authorized by Section~~
5 ~~1301 et seq. of this title,~~ for a greater amount of life insurance
6 or life benefit than the amount for which the life of the
7 ex-employee was insured under said plan at the date of termination
8 of his employment, except upon his furnishing evidence of his
9 insurability, satisfactory to the Board, and any greater amount of
10 benefit or insurance provided him shall be at the ex-employee's
11 cost.

12 SECTION 26. AMENDATORY 74 O.S. 2001, Section 1320, as
13 amended by Section 73, Chapter 264, O.S.L. 2006 (74 O.S. Supp. 2009,
14 Section 1320), is amended to read as follows:

15 Section 1320. A. ~~The State and Education Employees Group~~
16 HealthChoice Health Insurance Board is authorized to hire and
17 appoint an administrator who shall be in the unclassified service.

18 The Board may hire a director of internal audit and one attorney
19 licensed to practice law in this state. The attorney hired by the
20 Board shall have not less than five (5) years of experience in
21 matters related to the insurance industry. The Board shall directly
22 supervise the duties of the director of internal audit, and shall
23 not delegate said supervision to the Administrator or any other
24 employee of the Board. In addition to duties assigned by the Board,

1 the director of internal audit is authorized to audit all records of
2 health providers and pharmacists who enter into any contract with
3 the Board in order to ensure compliance with said contract
4 provisions.

5 B. The administrator shall employ such persons as are necessary
6 to administer the provisions of the State and Education Employees
7 Group Insurance Act, ~~the State Employees Flexible Benefits Act and~~
8 ~~the State Employees Disability Program Act.~~ The administrator may
9 employ a maximum of two (2) attorneys. The administrator or one of
10 the deputy administrators shall have not less than seven (7) years
11 of group health insurance administration experience on a senior
12 managerial level.

13 C. The Board shall not contract for private legal counsel
14 except for extraordinary situations other than normal day to day
15 situations, and when approved by the Attorney General. The Board
16 may contract with a nonemployee consulting actuary, a nonemployee
17 medical consultant and a nonemployee dental consultant subject to
18 competitive bid at least every three (3) years. The Board may
19 contract with health care providers for a level of reimbursement for
20 the payment of claims incurred by the plan participants. The Board
21 may at its request use the services of the office of the Attorney
22 General and the actuarial services of any actuary employed by the
23 Insurance Commissioner and may also seek the advice and counsel of

24

1 the Commissioner of the State of Oklahoma or any employee of the
2 Office of the Commissioner.

3 SECTION 27. AMENDATORY 74 O.S. 2001, Section 1321, as
4 last amended by Section 5, Chapter 231, O.S.L. 2006 (74 O.S. Supp.
5 2009, Section 1321), is amended to read as follows:

6 Section 1321. A. The HealthChoice Health Insurance Board shall
7 have the authority to determine all rates and ~~life~~, dental and
8 health benefits. All rates shall be compiled in a comprehensive
9 Schedule of Benefits. The Schedule of Benefits shall be available
10 for inspection during regular business hours at the office of the
11 ~~State and Education Employees Group Insurance~~ Board. The Board
12 shall have the authority to annually adjust the rates and benefits
13 based on claim experience.

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

16 1. For active employees and their dependents, the Board's
17 premium determination shall be made no later than the bid submission
18 date for health maintenance organizations set by the Oklahoma State
19 ~~Employees Benefits Council~~ and Wellness Office, which shall be set
20 in August no later than the third Friday of that month; and

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

24

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

9 SECTION 28. AMENDATORY 74 O.S. 2001, Section 1332, is
10 amended to read as follows:

11 Section 1332. A. The State ~~and Education Employees Group~~
12 ~~Insurance Board~~ Benefits and Wellness Office shall establish a
13 Disability Insurance Program for state employees. The program shall
14 consist of a long-term disability plan and a short-term disability
15 plan. Participation in the program shall be limited to state
16 employees who have been state employees for a period of not less
17 than one (1) month and who are eligible for enrollment in the Health
18 Insurance Plan administered by the ~~Board~~ Office. No state employee
19 shall be eligible to receive any benefits from the long-term
20 disability program unless the state employee has used all of the
21 sick leave of the employee. The ~~Board~~ Office shall promulgate such
22 rules as are necessary for adoption and administration of the
23 Disability Insurance Program, including but not limited to benefit
24 eligibility requirements, methods for computing benefit amounts,

1 benefits amounts, and verification of medical and health status of
2 employees applying for or receiving benefits.

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

6 C. Employee disability insurance coverage shall begin on March
7 1, 1986.

8 D. The ~~Board~~ Office shall establish a grievance procedure by
9 which a three-member grievance panel established in the same manner
10 as specified in paragraph ~~6~~ 4 of Section 1306 of this title shall
11 act as an appeals body for complaints regarding the allowance and
12 payment of claims, eligibility, and other matters. The grievance
13 procedure provided by this subsection shall be the exclusive remedy
14 available to persons having complaints against the insurer. Such
15 grievance procedure shall be subject to the Oklahoma Administrative
16 Procedures Act, including provisions for the 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. Upon written
21 request to the grievance panel received not less than ten (10) days
22 before the hearing date, the grievance panel shall cause a full
23 stenographic record of the proceedings to be made by a licensed or
24 certified court reporter at the insured employee's expense.

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

6 SECTION 29. AMENDATORY 74 O.S. 2001, Section 1332.1, is
7 amended to read as follows:

8 Section 1332.1 A. The State ~~and Education Employees Group~~
9 ~~Insurance Board~~ Benefits and Wellness Office shall collect from
10 state agencies each month, the premium amount, as determined by the
11 ~~Board~~ Office, for each employee of a state agency that participates
12 in the Disability Insurance Program. Said sum shall be deposited in
13 the State Employees Disability Insurance Reserve Fund for use in
14 accordance with law.

15 B. The State ~~and Education Employees Group Insurance Board~~
16 Office shall submit a monthly statement of the revenues and
17 disbursements of the Disability Insurance Program to the Governor,
18 the Speaker of the House of Representatives, the President Pro
19 Tempore of the Senate and the Legislative Service Bureau. The
20 Legislative Service Bureau shall distribute copies of such monthly
21 statements to the fiscal staff of the House of Representatives and
22 the State Senate.

23 C. On or before March 1 of each year, the State ~~and Education~~
24 ~~Employees Group Insurance Board~~ Office shall submit a report of the

1 actuarially-determined future needs of the Disability Insurance
2 Program. Said report shall be submitted and distributed as provided
3 for in subsection B of this section.

4 D. The ~~Board~~ Office shall provide for the continuation of
5 dependent health coverage to disability recipients for that period
6 of time when the employee is qualified as disabled but not yet
7 received disability benefit income.

8 E. The ~~Board~~ Office shall deduct all dependent health coverage
9 premiums due and owing from the first retroactive disability payment
10 and each payment thereafter.

11 SECTION 30. AMENDATORY 74 O.S. 2001, Section 1333, is
12 amended to read as follows:

13 Section 1333. A. There is hereby created in the State Treasury
14 the State Employees Disability Insurance Reserve Fund. All
15 appropriations, dividend payments, and investment income received
16 pursuant to the provisions of the State Employees Disability
17 Insurance Act, Section 1331 et seq. of this title, shall be
18 deposited in the reserve fund.

19 B. The monies in said reserve fund shall be invested by the
20 State ~~and Education Employees Group Insurance Board~~ Benefits and
21 Wellness Office in the manner specified in Section ~~6~~ 1305.1 of this
22 ~~act~~ title. The ~~Board~~ Office shall have responsibility for
23 management of the fund.

24

1 C. Money payable to the claims administrator and all expenses
2 in connection with the Disability Insurance Program shall be paid
3 from the reserve fund.

4 SECTION 31. AMENDATORY 74 O.S. 2001, Section 1335, is
5 amended to read as follows:

6 Section 1335. A county, upon adoption of a resolution by the
7 board of county commissioners, may participate in the Disability
8 Insurance Program administered by the State ~~and Education Employees~~
9 ~~Group Insurance Board~~ Benefits and Wellness Office. Upon the filing
10 of a certified copy of the resolution with the ~~Board~~ Office, the
11 county shall become a participant on the first day of the second
12 full month following the filing of the resolution. All employees of
13 any county electing to participate in the Program shall have
14 disability insurance coverage. The county shall forward to the
15 ~~Board~~ Office, at such times as determined by the ~~Board~~ Office, the
16 contributions necessary to pay for the disability insurance coverage
17 of the employees of the county. The ~~Board~~ Office shall determine
18 the amount of contribution required for the disability insurance
19 coverage.

20 SECTION 32. AMENDATORY 74 O.S. 2001, Section 1362, is
21 amended to read as follows:

22 Section 1362. It is hereby declared that the purpose of Section
23 1361 et seq. of this title is:
24

1 1. To recognize that the employee benefit needs of individual
2 ~~state~~ public employees differ, depending on the age, salary and
3 family status of the employee, and that it is needful to permit
4 participating employees to select and tailor the benefits they
5 receive in a manner calculated to best meet the particular needs of
6 themselves and their families;

7 2. To furnish ~~state~~ public employees with choices among various
8 employee benefits or cash compensation;

9 3. To provide ~~state~~ public employees and their dependents with
10 basic group health insurance, basic group term life insurance, and
11 basic long-term disability insurance;

12 4. To provide ~~state~~ public employees and their dependents with
13 optional employee benefits, to include, but not be limited to,
14 enhanced health insurance coverage, health maintenance organization
15 services, life insurance, dental insurance and enhanced long-term
16 disability insurance;

17 5. To provide ~~state~~ public employees with reimbursement for
18 qualifying dependent care expenses for which a dependent care tax
19 credit is not taken, reimbursement for qualifying health care
20 expenses not reimbursed by any other insurance plan or taken as a
21 tax deduction, additional benefits which are currently taxable,
22 additional benefits which are not currently taxable, and cash
23 compensation;

24

1 6. To provide ~~state~~ public employees with tax sheltered income
2 deferment plans;

3 7. To provide uniform benefit options for all ~~state~~ public
4 employees regardless of their place of residence within this state;

5 8. To manage the provision of health care benefits in a manner
6 that allows for the long term control of costs;

7 9. To provide for the coordination and design, in accordance
8 with applicable law, of all employee benefits ~~offered to state~~
9 ~~employees~~ so as to increase the efficient delivery and effectiveness
10 of those benefits;

11 10. To enable the state to attract and retain qualified
12 employees by providing employee benefits which are competitive with
13 those provided private industry;

14 11. To offer uniformity in those benefits that are offered to
15 both ~~state~~ public employees and those eligible for participation in
16 the State and Education Employees Group Insurance Act, Section 1301
17 et seq. of this title;

18 12. To recognize and protect the state's investment in each
19 employee by promoting and preserving good health and longevity among
20 ~~state~~ public employees;

21 13. To recognize the service to the state by elected and
22 appointed officials by extending to them the same benefits as are
23 provided under the flexible benefits program to ~~state~~ public
24 employees; and

1 14. To recognize long and faithful service, and to encourage
2 employees to remain in ~~state~~ public service until eligible for
3 retirement by providing employee benefits.

4 SECTION 33. AMENDATORY 74 O.S. 2001, Section 1363, is
5 amended to read as follows:

6 Section 1363. The following words and phrases as used in this
7 act, unless a different meaning is clearly required by the context,
8 shall have the following meanings:

9 1. "Authority" means the Oklahoma Health Care Authority;

10 2. "Basic plan" means the plan that provides the least amount
11 of benefits each participant is required to purchase pursuant to the
12 provisions of the plan. The basic plan shall include only health,
13 dental, disability and life benefits;

14 3. "Benefit" means any of the benefits which may be purchased
15 or is required to be purchased under the plan;

16 4. "Benefit plan" means the specific terms and conditions
17 regarding a benefit which may be purchased under the plan, including
18 the terms and conditions of any separate plan document, group
19 insurance policy or administrative services contract entered into by
20 the Council;

21 5. "Benefit price" means the number of flexible benefit dollars
22 needed to purchase a benefit under the plan;

23

24

1 6. "Board" means the ~~State and Education Employees Group~~
2 HealthChoice Health Insurance Board, as created by the State and
3 Education Employees Group Insurance Act;

4 7. "Code" means the Internal Revenue Code of 1986, as amended,
5 from time to time;

6 8. "Compensation" means the remuneration directly paid to a
7 participating employee by a participating employer exclusive of
8 overtime pay, and longevity pay, calculated prior to and without
9 regard to adjustments arising out of an employee's participation in
10 the plan authorized pursuant to this act, or amounts deferred under
11 the tax sheltered income deferment plans as authorized by Section
12 1701 et seq. of this title;

13 9. "Council" means the Oklahoma State Employees Benefits
14 Council, as created by this act;

15 10. "Default benefit" means any benefit a participant who fails
16 to make a proper election under the plan shall be deemed to have
17 purchased;

18 11. "Dependent" means a ~~participant's~~ spouse or any ~~of his or~~
19 ~~her~~ dependents of a participant as defined in Code Section 152 and
20 regulations promulgated thereunder;

21 12. "Flexible benefit allowance" means the annual amounts
22 credited by the participating employer for each participant for the
23 purchase of benefits under the plan;

1 13. "Flexible benefit dollars" means the sum of the flexible
2 benefit allowance and pay conversion dollars allocated by a
3 participant pursuant to provisions of the plan;

4 14. "Office" means the State Benefits and Wellness Office;

5 15. "Participant" means any officer or employee of a
6 participating employer who is a member of the Oklahoma Law
7 Enforcement Retirement System, the Oklahoma Public Employees
8 Retirement System or the Uniform Retirement System for Justices and
9 Judges, any officer or employee of a participating employer, whose
10 employment is not seasonal or temporary and whose employment
11 requires at least one thousand (1,000) hours of work per year and
12 whose salary and wage is equal to or greater than the hourly wage
13 for state employees as provided in Section 284 of this title, and
14 any employee of a participating employer who is a member of the
15 Teachers' Retirement System of Oklahoma;

16 ~~15.~~ 16. "Participating employer" means any state agency, board,
17 commission, department, institution, authority, officer, bureau,
18 council, office or other entity created by the Oklahoma Constitution
19 or statute that is a participating employer of the Oklahoma Law
20 Enforcement Retirement System, the Oklahoma Public Employees
21 Retirement System or the Uniform Retirement System for Justices and
22 Judges, but shall not include any county, county hospital, city or
23 town, conservation district, any private or public trust in which a
24 county, city or town participates and is the primary beneficiary,

1 ~~any school district or technology center school district,~~ or
2 political subdivision of the state, but shall include the State
3 Department of Education, the Oklahoma Department of Wildlife
4 Conservation, the Oklahoma Employment Security Commission, the
5 Teachers' Retirement System of Oklahoma and the Oklahoma Department
6 of Career and Technology Education. Provided the term
7 "participating employer" shall also mean the State Regents for
8 Higher Education or any institution under the authority of the State
9 Regents for Higher Education upon agreement between the State
10 Regents for Higher Education or the appropriate governing board of
11 an institution under the authority of the State Regents for Higher
12 Education and the Council;

13 ~~16.~~ 17. "Pay conversion dollars" means amounts by which a
14 participant elects to reduce his compensation to purchase benefits
15 under the plan;

16 ~~17.~~ 18. "Plan" means the flexible benefits plan authorized
17 pursuant to the State Employees Flexible Benefits Act as modified by
18 the provisions of this act;

19 ~~18.~~ 19. "Plan year" means ~~for the plan year beginning July 1,~~
20 ~~2001, the six month period commencing on July 1 and ending on the~~
21 ~~following December 31. The next plan year shall begin January 1,~~
22 ~~2002. It shall mean~~ the twelve-month period commencing on January 1
23 and ending on the following December 31;

24 ~~19.~~ 20. "Public employee" means a state or education employee;

1 21. "Salary Adjustment Agreement" means a written agreement
2 between a participant and participating employer whereby the
3 employer agrees to adjust the salary of the participant by a stated
4 amount or an amount equal to the cost of benefits selected under the
5 plan and the participating employer agrees to contribute such amount
6 to cover certain costs of the benefits selected by the participant
7 to the Council; and

8 ~~20.~~ 22. "Termination" means the termination of a participant's
9 employment as an employee of a participating employer, whether by
10 reasons of discharge, voluntary termination, retirement, death or
11 reduction-in-force.

12 SECTION 34. AMENDATORY 74 O.S. 2001, Section 1364, is
13 amended to read as follows:

14 Section 1364. A. There is hereby created the Oklahoma State
15 ~~Employees Benefits Council~~ and Wellness Office.

16 B. The Oklahoma State ~~Employees Benefits Council~~ and Wellness
17 Office shall be composed of the five (5) following individuals:

- 18 1. The Administrator of the Office of Personnel Management;
- 19 2. Two members appointed by the Governor;
- 20 3. One member appointed by the President Pro Tempore of the
21 Senate; and
- 22 4. One member appointed by the Speaker of the House of
23 Representatives.

24

1 C. The members appointed by the Governor shall serve a term of
2 office of four (4) years which is coterminous with the term of
3 office of the office of the appointing authority. The members
4 appointed by the Speaker of the House of Representatives and the
5 President Pro Tempore of the State Senate shall serve a term of
6 office of four (4) years.

7 D. No member of the ~~Council~~ Office shall be a lobbyist
8 registered in this state as provided by law, or be employed,
9 directly or indirectly, by any firm or health care provider under
10 contract to the ~~Council~~ Office or Board, or any benefit program
11 under its jurisdiction, for any goods or services whatsoever.

12 E. Any vacancy that occurs on the ~~Council~~ Office shall be
13 filled for the unexpired term in the same manner as the office was
14 previously filled.

15 F. The general administration and responsibility for the proper
16 design, selection or operation of the benefits offered under the
17 plan and for making effective the provisions of Section 1361 et seq.
18 of this title are hereby vested in the ~~Council~~ Office.

19 G. The ~~Council~~ Office shall elect one of its members as chair.
20 The chair shall preside over meetings of the ~~Council~~ Office and
21 perform such other duties as may be required by the ~~Council~~ Office.
22 The ~~Council~~ Office shall elect one of its members to serve as vice-
23 chair who shall perform the duties of the chair in the absence of
24 the latter or upon the inability or refusal of the chair to act.

1 The ~~Council~~ Office shall elect one of its members to serve as
2 secretary.

3 H. The ~~Council~~ Office and staff shall act in accordance with
4 the provisions of the Oklahoma Open Meeting Act, the Oklahoma Open
5 Records Act and the Administrative Procedures Act. The ~~Council~~
6 Office shall, in July of each year, hold a regular meeting which
7 shall be the annual meeting, at which meeting it shall elect
8 officers.

9 I. Special meetings may be called upon written notice by the
10 chair or by agreement of any three members of the ~~Council~~ Office.
11 Notice of a special meeting shall be delivered to all members in
12 person or by registered or certified United States mail not less
13 than seven (7) days prior to the date fixed for the meeting;
14 provided, however, that notice of such meeting may be waived by any
15 member either before or after such meeting and attendance at such
16 meeting shall constitute a waiver of notice of such meeting, unless
17 a member participates therein solely to object to the transaction of
18 any business because the meeting has not been legally called or
19 convened.

20 J. The majority of the members of the ~~Council~~ Office shall
21 constitute a quorum for the transaction of business. Each ~~Council~~
22 Office member shall be entitled to one vote on the Council. Any
23 official action of the ~~Council~~ Office must have three votes of the
24 members of the ~~Council~~ Office present.

1 K. All resolutions, proceedings, acts and determinations of the
2 ~~Council~~ Office shall be recorded and all such records, together with
3 such documents and instruments as may be necessary for the
4 administration of the plan, shall be preserved in the custody of the
5 executive director.

6 L. Each member of the ~~Council~~ Office shall serve without
7 compensation except that each of the ~~Council~~ Office members shall
8 receive travel expenses in accordance with the State Travel
9 Reimbursement Act.

10 M. The ~~Council~~ Office shall not be subject to the provisions of
11 the Oklahoma Sunset Law, Section 3901 et seq. of this title.

12 SECTION 35. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 1364.1 of Title 74, unless there
14 is created a duplication in numbering, reads as follows:

15 A. There is hereby created a joint committee of the State
16 Legislature, to be called the Joint Liaison Committee on State
17 Benefits. The Joint Committee shall consist of three members of the
18 Senate to be appointed by the President Pro Tempore of the Senate
19 and three members of the House of Representatives to be appointed by
20 the Speaker of the House of Representatives. The Chair and Vice
21 Chair of the Joint Committee shall be appointed from the membership
22 of the Joint Committee by the President Pro Tempore of the Senate
23 and the Speaker of the House of Representatives, respectively, one
24 of whom shall be a member of the Senate and the other shall be a

1 member of the House of Representatives. At the beginning of the
2 first regular session of each Legislature, starting in 2011, the
3 Chair shall be from the Senate. Thereafter the chair position shall
4 alternate every two (2) years between the Senate and the House of
5 Representatives.

6 B. The Joint Committee shall function as a committee of the
7 State Legislature when the Legislature is in session and when the
8 Legislature is not in session. Each appointed member of the Joint
9 Committee shall serve until a successor is appointed.

10 C. The Joint Committee shall serve as a liaison with the
11 Oklahoma State Benefits and Wellness Office and the HealthChoice
12 Health Insurance Board regarding advice, guidance, policy,
13 management, operations, plans, programs and fiscal needs of the
14 Office and Board. The Office and the Board shall not be bound by
15 any action of the Joint Committee.

16 SECTION 36. AMENDATORY 74 O.S. 2001, Section 1365, as
17 last amended by Section 1, Chapter 28, O.S.L. 2009 (74 O.S. Supp.
18 2009, Section 1365), is amended to read as follows:

19 Section 1365. A. The Oklahoma State ~~Employees Benefits Council~~
20 and Wellness Office shall have the following duties,
21 responsibilities and authority with respect to the administration of
22 the plan:
23
24

1 1. To construe and interpret the plan, and decide all questions
2 of eligibility in accordance with the Oklahoma State Employees
3 Benefits Act and 26 U.S.C.A., Section 1 et seq.;

4 2. To select those benefits which shall be made available to
5 participants under the plan, according to the Oklahoma State
6 Employees Benefits Act, and other applicable laws and rules;

7 3. To retain or employ qualified agencies, persons or entities
8 to design, develop, communicate, implement or administer the plan;

9 4. To prescribe procedures to be followed by participants in
10 making elections and filing claims under the plan;

11 5. To prepare and distribute information communicating and
12 explaining the plan to participating employers and participants.

13 The ~~State and Education Employees Group~~ HealthChoice Health
14 Insurance Board, Health Maintenance Organizations, or other third-
15 party insurance vendors may be directly or indirectly involved in
16 the distribution of communicated information to participating ~~state~~
17 ~~agency~~ employers and ~~state employee~~ participants subject to the
18 following conditions:

19 a. the ~~Council~~ Office shall verify all marketing and
20 communications information for factual accuracy prior
21 to distribution,

22 b. the Board or vendors shall provide timely notice of
23 any marketing, communications, or distribution plans
24 to the ~~Council~~ Office and shall coordinate the

1 scheduling of any group presentations with the
2 Council, and

3 c. the Board or vendors shall file a brief summary with
4 the ~~Council~~ Office outlining the results following any
5 marketing and communications activities;

6 6. To receive from participating employers and participants
7 such information as shall be necessary for the proper administration
8 of the plan, and any of the benefits offered thereunder;

9 7. To furnish the participating employers and participants such
10 annual reports with respect to the administration of the plan as are
11 reasonable and appropriate;

12 8. To keep reports of benefit elections, claims and
13 disbursements for claims under the plan;

14 9. To appoint an executive director who shall serve at the
15 pleasure of the ~~Council~~ Office. The executive director shall employ
16 or retain such persons in accordance with the Oklahoma State
17 Employees Benefits Act and the requirements of other applicable law,
18 including but not limited to actuaries and certified public
19 accountants, as ~~he or she~~ the director deems appropriate to perform
20 such duties as may from time to time be required under the Oklahoma
21 State Employees Benefits Act and to render advice upon request with
22 regard to any matters arising under the plan subject to the approval
23 of the ~~Council~~ Office. The executive director shall have not less
24 than seven (7) years of group insurance administration experience on

1 a senior managerial level or not less than three (3) years of
2 flexible benefits experience on a senior managerial level. Any
3 actuary or certified public accountant employed or retained under
4 contract by the ~~Council~~ Office shall have not less than three (3)
5 years' experience in group insurance or employee benefits
6 administration. The compensation of all persons employed or
7 retained by the ~~Council~~ Office and all other expenses of the ~~Council~~
8 Office shall be paid at such rates and in such amounts as the
9 ~~Council~~ Office shall approve, subject to the provisions of
10 applicable law;

11 10. To negotiate for best and final offer through competitive
12 negotiation and contract with a federally qualified health
13 maintenance ~~organizations~~ organization under the provisions of 42
14 U.S.C., Section 300e et seq., or with Health Maintenance
15 Organizations granted a certificate of authority by the Insurance
16 Commissioner pursuant to Sections 6901 through 6951 of Title 36 of
17 the Oklahoma Statutes for consideration by participants as an
18 alternative to the preferred provider health plans plan offered by
19 the Board, ~~and~~ or another insurance provider. The Office shall
20 transfer to the health maintenance ~~organizations~~ organization such
21 funds as may be approved for a participant electing health
22 maintenance organization alternative services. The Office shall
23 negotiate for best and final offer through competitive negotiation
24 for a preferred provider health plan with the Board and other

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

8 The Oklahoma State ~~Employees Benefits Council~~ and Wellness
9 Office may, however, renegotiate rates with successful bidders after
10 contracts have been awarded if there is an extraordinary
11 circumstance. An extraordinary circumstance shall be limited to
12 insolvency of ~~a participating~~ the health maintenance organization or
13 point-of-service plan, dissolution of ~~a participating~~ the health
14 maintenance organization or point-of-service plan or withdrawal of
15 ~~another participating~~ the health maintenance organization or point-
16 of-service plan at any time during the calendar year. Nothing in
17 this section of law shall be construed to permit either party to
18 unilaterally alter the terms of the contract;

19 11. To retain as confidential information the initial Request
20 For Proposal offers as well as any subsequent bid offers made by the
21 health plans prior to final contract awards as a part of the best
22 and final offer negotiations process for the benefit plan;

23 12. To promulgate administrative rules for the competitive
24 negotiation process;

1 13. To require vendors offering coverage through the ~~Council~~
2 Office, including the Board, to provide such enrollment and claims
3 data as is determined by the Council. The Oklahoma State ~~Employees~~
4 ~~Benefits Council~~ and Wellness Office with the cooperation of the
5 Department of Central Services acting pursuant to Section 85.1 et
6 seq. of this title, shall be authorized to retain as confidential,
7 any proprietary information submitted in response to the ~~Council's~~
8 Office's Request For Proposal. Provided, however, that any such
9 information requested by the ~~Council~~ Office from the vendors shall
10 only be subject to the confidentiality provision of this paragraph
11 if it is clearly designated in the Request For Proposal as being
12 protected under this provision. All requested information lacking
13 such a designation in the Request For Proposal shall be subject to
14 Section 24A.1 et seq. of Title 51 of the Oklahoma Statutes. From
15 health maintenance organizations, data provided shall include the
16 current Health Plan Employer Data and Information Set (HEDIS);

17 14. To purchase any insurance deemed necessary for providing
18 benefits under the plan including indemnity dental plans, ~~provided~~
19 ~~that the only indemnity health plan selected by the Council shall be~~
20 ~~the indemnity plan offered by the Board, and to transfer to the~~
21 ~~Board such funds as may be approved for a participant electing a~~
22 ~~benefit plan offered by the Board.~~ All indemnity dental plans,
23 including the one offered by the ~~Oklahoma State and Education Group~~
24

1 HealthChoice Health Insurance Board, must meet or exceed the
2 following requirements:

- 3 a. they shall have a statewide provider network,
- 4 b. they shall provide benefits which shall reimburse the
5 expense for the following types of dental procedures:
 - 6 (1) diagnostic,
 - 7 (2) preventative,
 - 8 (3) restorative,
 - 9 (4) endodontic,
 - 10 (5) periodontic,
 - 11 (6) prosthodontics,
 - 12 (7) oral surgery,
 - 13 (8) dental implants,
 - 14 (9) dental prosthetics, and
 - 15 (10) orthodontics, and
- 16 c. they shall provide an annual benefit of not less than
17 One Thousand Five Hundred Dollars (\$1,500.00) for all
18 services other than orthodontic services, and a
19 lifetime benefit of not less than One Thousand Five
20 Hundred Dollars (\$1,500.00) for orthodontic services;

21 15. To communicate deferred compensation programs as provided
22 in Section 1701 of this title;

23 16. To assess and collect reasonable fees from the Board, any
24 insurance provider contracting with the Office for a preferred

1 provider plan, and from ~~such~~ the contracted health maintenance
2 ~~organizations~~ organization and third party insurance vendors to
3 offset the costs of administration as determined by the ~~Council~~.
4 ~~The Council shall have the authority to transfer income received~~
5 ~~pursuant to this subsection to the Board for services provided by~~
6 ~~the Board~~ Office;

7 17. To accept, modify or reject elections under the plan in
8 accordance with the Oklahoma State Employees Benefits Act and 26
9 U.S.C.A., Section 1 et seq.;

10 18. To promulgate election and claim forms to be used by
11 participants;

12 19. To take all steps deemed necessary to properly administer
13 the plan in accordance with the Oklahoma State Employees Benefits
14 Act and the requirements of other applicable law; and

15 20. To manage, license or sell software developed for and
16 acquired by the ~~Council~~ Office, whether or not such software is
17 patented or copyrighted. The ~~Council~~ Office shall have the
18 authority to license and sell such software or any rights to such
19 software without declaring such property to be surplus. All
20 proceeds from any such sale shall be deposited in the Benefits
21 Council Administration Revolving Fund and used to defray the costs
22 of administration.

23 B. The ~~Council~~ Office members shall discharge their duties as
24 fiduciaries with respect to the participants and their dependents of

1 the plan, and all fiduciaries shall be subject to the following
2 definitions and provisions:

3 1. A person or organization is a fiduciary with respect to the
4 ~~Council~~ Office to the extent that the person or organization:

5 a. exercises any discretionary authority or discretionary
6 control respecting administration or management of the
7 ~~Council~~ Office,

8 b. exercises any authority or control respecting
9 disposition of the assets of the ~~Council~~ Office,

10 c. renders advice for a fee or other compensation, direct
11 or indirect, with respect to any participant or
12 dependent benefits, monies or other property of the
13 ~~Council~~ Office, or has any authority or responsibility
14 to do so, or

15 d. has any discretionary authority or discretionary
16 responsibility in the administration of the ~~Council~~
17 Office;

18 2. The ~~Council~~ Office may procure insurance indemnifying the
19 members of the ~~Council~~ Office from personal loss or accountability
20 from liability resulting from a member's action or inaction as a
21 member of the ~~Council~~ Office;

22 3. Except for a breach of fiduciary obligation, a ~~Council~~ an
23 Office member shall not be individually or personally responsible
24 for any action of the ~~Council~~ Office;

1 4. Any person who is a fiduciary with respect to the ~~Council~~
2 Office shall be entitled to rely on representations made by
3 participants, participating employers, third party administrators
4 and beneficiaries with respect to age and other personal facts
5 concerning a participant or beneficiaries, unless the fiduciary
6 knows the representations to be false;

7 5. Each fiduciary shall discharge his or her duties and
8 responsibilities with respect to the ~~Council~~ Office and the plan
9 solely in the interest of the participants and beneficiaries of the
10 plan according to the terms hereof, for the exclusive purpose of
11 providing benefits to participants and their beneficiaries, with the
12 care, skill, prudence and diligence under the circumstances
13 prevailing from time to time that a prudent person acting in a like
14 capacity and familiar with such matters would use in the conduct of
15 an enterprise of like character and with like aims; and

16 6. The duties and responsibilities allocated to each fiduciary
17 by the Oklahoma State Employees Benefits Act or by the ~~Council~~
18 Office shall be the several and not joint responsibility of each,
19 and no fiduciary shall be liable for the act or omission of any
20 other fiduciary unless:

- 21 a. by his or her failure to properly administer his or
22 her specific responsibility he or she enabled such
23 other person or organization to commit a breach of
24 fiduciary responsibility, or

1 b. he or she knowingly participates in, or knowingly
2 undertakes to conceal, an act or omission of another
3 person or organization, knowing such act or omission
4 to be a breach, or

5 c. having knowledge of the breach of another person or
6 organization, he or she fails to make reasonable
7 efforts under the circumstances to remedy said breach.

8 SECTION 37. AMENDATORY 74 O.S. 2001, Section 1366, is
9 amended to read as follows:

10 Section 1366. A. The Oklahoma State ~~Employees Benefits Council~~
11 and Wellness Office shall establish a flexible benefits plan in
12 accordance with the provisions of Section 1361 et seq. of this
13 title. All participating employers shall offer the plan to their
14 eligible employees.

15 B. The ~~Council~~ Office shall interpret the plan and decide any
16 matters arising thereunder and may adopt such rules and procedures
17 as it deems necessary, desirable or appropriate in the
18 administration of the plan subject to the Administrative Procedures
19 Act. All rules and decisions of the ~~Council~~ Office shall be
20 uniformly and consistently applied to all participants in similar
21 circumstances and shall be conclusive and binding on all persons
22 having an interest in the plan. When making any decision or
23 determination, the ~~Council~~ Office shall be entitled to rely upon
24 such information as may be furnished to it by a participant, a

1 participating employer, legal counsel, third party administrator or
2 the management of any individual benefit plan which is incorporated
3 in the plan.

4 C. The executive director, under the direction of the ~~Council~~
5 Office, may contract with one or more firms or organizations to
6 administer or provide consulting services in regard to all or any
7 portion of the plan.

8 The ~~Council~~ Office shall solicit proposals on a competitive bid
9 basis. Contracts for the flexible benefits plan shall not be
10 subject to the provisions of the Oklahoma Central Purchasing Act,
11 Section 85.1 et seq. of this title. The ~~Council~~ Office shall
12 promulgate rules establishing appropriate competitive bidding
13 criteria and procedures for contracts awarded for flexible benefits
14 plans. When requested by the ~~Council~~ Office, the Department of
15 Central Services shall assist the ~~Council~~ Office in the process of
16 selecting any contracts for the design, development, communication
17 or implementation of the plan.

18 When awarding a contract for services pursuant to this
19 subsection, the ~~Council~~ Office shall satisfy itself that the
20 contractor has no interests which would impair its ability to
21 perform the tasks and services required and that the contractor will
22 exercise proper independent judgment when performing its
23 responsibilities under Section 1361 et seq. of this title and under
24 the contract.

1 D. 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. Premiums for any health insurance, health maintenance
5 organization, life insurance, the disability program administered by
6 the Office, life insurance, long term disability insurance, dental
7 insurance or high deductible health benefit plan offered to
8 employees and their dependents;

9 2. Insurance premiums or retirement plan premiums or payments
10 which are supplemental to insurance or retirement programs offered
11 by this state or which are paid for under salary adjustment
12 agreements pursuant to the provisions of Section 7.10 of Title 62 of
13 the Oklahoma Statutes;

14 3. Dependent care;

15 4. Medical care, as defined by the ~~Council~~ Office; and

16 5. All other eligible benefit programs offered under 26 United
17 States Code Section 125.

18 E. The amount by which an employee's salary is adjusted
19 pursuant to a salary adjustment agreement shall be excluded from
20 income in computation of income tax withholding, federal insurance
21 contributions act taxes, unemployment payments and workers'
22 compensation coverage. Such amount shall be included as income in
23 computation of state retirement contributions and benefits.

24 Provided, if the inclusions and exclusions provided in this

1 subsection conflict with the provisions of federal law or
2 regulations pertaining to flexible benefits plans, the ~~Council~~
3 Office is authorized to modify or abolish such inclusions and
4 exclusions.

5 F. 1. Legal representation shall be provided by the Office of
6 the Attorney General.

7 2. The executive director shall be the appointing authority and
8 agency head. All other positions and employees shall be classified
9 and subject to the provisions of the Merit System of Personnel
10 Administration except actuaries and other personnel and positions in
11 the unclassified service as provided in Section 840-5.5 of this
12 title.

13 SECTION 38. AMENDATORY Section 10, Chapter 439, O.S.L.
14 2002 (74 O.S. Supp. 2009, Section 1366.1), is amended to read as
15 follows:

16 Section 1366.1 Notwithstanding any other provision of law to
17 the contrary, for contracts relating to the plan year beginning
18 January 1, 2003, and for each plan year thereafter, the Oklahoma
19 State ~~Employees Benefits Council and the State and Education~~
20 ~~Employees Group Insurance Board~~ Wellness Office shall:

21 a. develop geographic service areas and list the zip
22 codes contained in such service areas. ~~Each~~ The
23 participating health maintenance organization shall
24 not be required to offer enrollment in every service

1 area as a condition to participation in the State
2 Account,

3 b. not require the participating health maintenance
4 ~~organizations~~ organization to offer a Medicare
5 supplement plan. However, if the participating health
6 maintenance organization offers a Medicare supplement
7 plan to other entities within this state then it shall
8 be required to offer a Medicare supplement plan,

9 c. require the participating health maintenance
10 ~~organizations~~ organization to meet the standardized
11 benefit plan as required by the Oklahoma State
12 ~~Employees Benefits Council~~ and Wellness Office.

13 However, participating health maintenance
14 organizations may offer enhancements in an effort to
15 make their plans more attractive and competitive, and

16 d. ensure that all premiums are paid to the participating
17 health maintenance ~~organizations~~ organization within
18 sixty (60) calendar days from receipt of the bill.

19 SECTION 39. AMENDATORY 74 O.S. 2001, Section 1369, is
20 amended to read as follows:

21 Section 1369. A. A state public employee shall be eligible to
22 participate in the plan ~~commencing July 1 of the plan year beginning~~
23 ~~July 1, 2001, and commencing January 1 for any plan year beginning~~

1 after January 1, 2002, provided such employee qualifies as a
2 participant as provided in this act.

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

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

12 SECTION 40. AMENDATORY 74 O.S. 2001, Section 1370, as
13 last amended by Section 2, Chapter 28, O.S.L. 2009 (74 O.S. Supp.
14 2009, Section 1370), is amended to read as follows:

15 Section 1370. A. Subject to the requirement that a state
16 employee participant must elect the default benefits, the basic
17 plan, that an education employee may elect to participate in the
18 plan, or is a person who has retired from a branch of the United
19 States military and has been provided with health care through a
20 federal plan, to the extent that it is consistent with federal law,
21 and provides proof of this coverage, flexible benefit dollars may be
22 used to purchase any of the benefits offered by the Oklahoma State
23 ~~Employees Benefits Council~~ and Wellness Office under the flexible
24 benefits plan. A participant who has provided proof of other

1 coverage as described in this subsection shall not receive flexible
2 benefit dollars if the person elects not to purchase any benefits.
3 A participant's flexible benefit dollars for a plan year shall
4 consist of the sum of (1) flexible benefit allowance credited to a
5 participant by the participating employer, and (2) pay conversion
6 dollars elected by a participant.

7 B. Each participant shall be credited annually with a specified
8 amount as a flexible benefit allowance which shall be available for
9 the purchase of benefits. The amount of the flexible benefit
10 allowance credited to each participant shall be communicated to ~~him~~
11 ~~or her~~ the participant prior to the enrollment period for each plan
12 year.

13 C. ~~For the plan year ending December 31, 2001, and each plan~~
14 ~~year thereafter, the~~ The amount of a participant's benefit allowance
15 for a state employee participant, which shall be the total amount
16 the employer contributes for the payment of insurance premiums or
17 other benefits, shall be:

18 1. ~~The greater of Two Hundred Sixty two Dollars and nineteen~~
19 ~~cents (\$262.19) per month or an amount equal to the sum of the~~
20 ~~average monthly premiums of all high option~~ the preferred provider
21 health insurance plans plan offered to participants, ~~excluding the~~
22 ~~point of service plans,~~ the average monthly premiums premium of the
23 dental ~~plans~~ plan offered to participants, the monthly premium of
24 the disability plan, and the monthly premium of the basic life

1 insurance plan offered to ~~state~~ public employees or the amount
2 determined by the ~~Council~~ Office based on a formula for determining
3 a participant's benefit credits consistent with the requirements of
4 26 U.S.C., Section 125(g) (2) and regulations thereunder; or

5 2. The ~~greater of Two Hundred Twenty-four Dollars and sixty-~~
6 ~~nine cents (\$224.69) per month or an amount equal to the sum of the~~
7 ~~average~~ monthly premiums of ~~all high option~~ the preferred provider
8 ~~health insurance plans~~ plan offered to participants, ~~excluding the~~
9 ~~point of service plans~~, the average monthly ~~premiums~~ premium of the
10 ~~dental plans~~ plan offered to participants, the monthly premium of
11 the disability plan, and the monthly premium of the basic life
12 insurance plan offered to state employees plus one of the additional
13 amounts as follows for participants who elect to include one or more
14 dependents:

15 a. for a spouse, seventy-five percent (75%) of the
16 ~~average~~ price of ~~all high option~~ the preferred
17 provider health benefit plans, ~~excluding the point of-~~
18 ~~service plans~~, plan available for coverage of a
19 spouse,

20 b. for one child, seventy-five percent (75%) of the
21 ~~average~~ price of ~~all high option~~ the preferred
22 provider health benefit plans plan available,
23 ~~excluding the point of service plans~~, for coverage of
24 one child,

- 1 c. for two or more children, seventy-five percent (75%)
2 of the ~~average price of all high option~~ the preferred
3 provider health benefit plans plan available,
4 ~~excluding the point of service plans,~~ for coverage of
5 two or more children,
- 6 d. for a spouse and one child, seventy-five percent (75%)
7 of the ~~average price of all high option~~ the preferred
8 provider health benefit plans plan available,
9 ~~excluding the point of service plans,~~ for coverage of
10 a spouse and one child, or
- 11 e. for a spouse and two or more children, seventy-five
12 percent (75%) of the ~~average price of all high option~~
13 the preferred provider health benefit plans plan
14 ~~available, excluding the point of service plans,~~ for
15 coverage of a spouse and two or more children.

16 D. The amount of an education employee's flexible benefit
17 allowance shall be the amount as set forth in Section 26-105 of
18 Title 70 of the Oklahoma Statutes;

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

1 ~~E.~~ F. If a participant desires to buy benefits whose sum total
2 of benefit prices is in excess of his or her flexible benefit
3 allowance, the participant may elect to use pay conversion dollars
4 to purchase such excess benefits. Pay conversion dollars may be
5 elected through a salary reduction agreement made pursuant to the
6 election procedures of Section 1371 of this title. The elected
7 amount shall be deducted from the participant's compensation in
8 equal amounts each pay period over the plan year. On termination of
9 employment during a plan year, a participant shall have no
10 obligation to pay the participating employer any pay conversion
11 dollars allocated to the portion of the plan year after the
12 participant's termination of employment.

13 ~~F.~~ G. If a participant elects benefits whose sum total of
14 benefit prices is less than ~~his or her~~ the flexible benefit
15 allowance credited to the participant, ~~he or she shall receive any~~
16 ~~excess flexible benefit allowance as taxable compensation shall be~~
17 transferred to a flexible spending account established for the
18 participant. ~~Such taxable compensation will be paid in~~
19 ~~substantially equal amounts each pay period over the plan year. On~~
20 ~~termination during a plan year, a~~ A participant shall have no right
21 to ~~receive any such taxable cash compensation allocated to~~ have the
22 excess flexible benefit allowance deposited in a flexible spending
23 account for the portion of the plan year after the participant's
24 termination. Nothing herein shall affect ~~a participant's~~ the

1 obligation of a state employee participant to elect the minimum
2 benefits or to accept the default benefits of the plan with
3 corresponding reduction in the sum of ~~his or her~~ the flexible
4 benefit allowance equal to the sum total benefit price of ~~such~~ the
5 minimum benefits or default benefits.

6 SECTION 41. AMENDATORY 74 O.S. 2001, Section 1371, as
7 last amended by Section 6, Chapter 269, O.S.L. 2007 (74 O.S. Supp.
8 2009, Section 1371), is amended to read as follows:

9 Section 1371. A. All state employee participants must purchase
10 at least the basic plan unless, to the extent that it is consistent
11 with federal law, the participant is a person who has retired from a
12 branch of the United States military and has been provided with
13 health coverage through a federal plan and that participant provides
14 proof of that coverage or the participant is an education employee
15 and elects not to participate in the school district offered plan as
16 provided for in Section 26-105 of Title 70 of the Oklahoma Statutes.
17 ~~On or before January 1 of the plan year beginning July 1, 2001, and~~
18 ~~July 1 of any plan year beginning after January 1, 2002, the The~~
19 ~~Oklahoma State Employees Benefits Council and Wellness Office shall~~
20 design the basic plan for the next plan year to insure that the
21 basic plan provides adequate coverage to all participants. All
22 benefit plans, whether offered by the ~~State and Education Employees~~
23 ~~Group~~ HealthChoice Health Insurance Board, a health maintenance
24

1 organization or other vendors shall meet the minimum requirements
2 set by the ~~Council~~ Office for the basic plan.

3 B. The Board shall offer health, disability, life and dental
4 coverage to all participants and their dependents. For health, and
5 dental, ~~disability and life~~ coverage, the Board shall offer plans at
6 the basic benefit level established by the ~~Council~~ Office, and in
7 addition, may offer benefit plans that provide an enhanced level of
8 benefits. The Board shall be responsible for determining the plan
9 design and the benefit price for the plans that they offer.

10 ~~Effective for the plan year beginning January 1, 2007, and for each~~
11 ~~plan year thereafter, in~~ In setting health insurance premiums for
12 active employees and for retirees under sixty-five (65) years of
13 age, the Board shall set the monthly premium for active employees to
14 be equal to the monthly premium for retirees under sixty-five (65)
15 years of age.

16 Nothing in this subsection shall be construed as prohibiting the
17 Board from offering additional medical plans, provided that any
18 medical plan offered to participants shall meet or exceed the
19 benefits provided in the medical portion of the basic plan.

20 C. In lieu of electing any of the preceding medical benefit
21 plans, a participant may elect medical coverage by ~~any~~ the health
22 maintenance organization made available to participants by the
23 ~~Council~~ Office. The benefit price of any health maintenance
24 organization shall be determined on a competitive bid basis.

1 Contracts for said plans shall not be subject to the provisions of
2 the Oklahoma Central Purchasing Act, Section 85.1 et seq. of this
3 title. The ~~Council~~ Office shall promulgate rules establishing
4 appropriate competitive bidding criteria and procedures for
5 contracts awarded for flexible benefits plans. All plans offered by
6 health maintenance organizations meeting the bid requirements as
7 determined by the ~~Council~~ Office shall be accepted. The ~~Council~~
8 Office shall have the authority to reject the bid or restrict
9 enrollment in any health maintenance organization for which the
10 ~~Council~~ Office determines the benefit price to be excessive. The
11 ~~Council~~ Office shall have the authority to reject any plan that does
12 not meet the bid requirements. All bidders shall submit along with
13 their bid a notarized, sworn statement as provided by Section 85.22
14 of this title. ~~Effective for the plan year beginning January 1,~~
15 ~~2007, and for each plan year thereafter, in~~ In setting health
16 insurance premiums for active employees and for retirees under
17 sixty-five (65) years of age, HMOs, self-insured organizations and
18 prepaid plans shall set the monthly premium for active employees to
19 be equal to the monthly premium for retirees under sixty-five (65)
20 years of age.

21 D. Nothing in this section shall be construed as prohibiting
22 the ~~Council~~ Office from offering additional qualified benefit plans
23 or currently taxable benefit plans.

24

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

9 Each such employee shall make an irrevocable advance election
10 for the plan year or the remainder thereof pursuant to such
11 procedures as the ~~Council~~ Office shall prescribe. Any such employee
12 who fails to make a proper election under the plan shall,
13 nevertheless, be a participant in the plan and shall be deemed to
14 have purchased the default benefits described in this section.

15 F. The ~~Council~~ Office shall prescribe the forms that
16 participants will be required to use in making their elections, and
17 may prescribe deadlines and other procedures for filing the
18 elections.

19 G. Any state employee participant who, in the first year for
20 which he or she is eligible to participate in the plan, fails to
21 make a proper election under the plan in conformance with the
22 procedures set forth in this section or as prescribed by the ~~Council~~
23 Office shall be deemed automatically to have purchased the default
24 benefits. The default benefits shall be the same as the basic plan

1 benefits. Any participant who, after having participated in the
2 plan during the previous plan year, fails to make a proper election
3 under the plan in conformance with the procedures set forth in this
4 section or prescribed by the ~~Council~~ Office, shall be deemed
5 automatically to have purchased the same benefits which the
6 participant purchased in the immediately preceding plan year, except
7 that the participant shall not be deemed to have elected coverage
8 under the health care reimbursement account plan or the dependent
9 care reimbursement account plan.

10 H. Benefit plan contracts with the Board, health maintenance
11 organizations, and other third party insurance vendors shall provide
12 for a risk adjustment factor for adverse selection that may occur,
13 as determined by the ~~Council~~ Office, based on generally accepted
14 actuarial principles.

15 ~~I. 1. For the plan year ending December 31, 2004, employees~~
16 ~~covered or eligible to be covered under the State and Education~~
17 ~~Employees Group Insurance Act and the State Employees Flexible~~
18 ~~Benefits Act who are enrolled in a health maintenance organization~~
19 ~~offering a network in Oklahoma City, shall have the option of~~
20 ~~continuing care with a primary care physician for the remainder of~~
21 ~~the plan year if:~~

22 a. ~~that primary care physician was part of a provider~~
23 ~~group that was offered to the individual at enrollment~~
24 ~~and later removed from the network of the health~~

1 ~~maintenance organization, for reasons other than for~~
2 ~~cause, and~~

3 ~~b. the individual submits a request in writing to the~~
4 ~~health maintenance organization to continue to have~~
5 ~~access to the primary care physician.~~

6 ~~2. The primary care physician selected by the individual shall~~
7 ~~be required to accept reimbursement for such health care services on~~
8 ~~a fee for service basis only. The fee for service shall be computed~~
9 ~~by the health maintenance organization based on the average of the~~
10 ~~other fee for service contracts of the health maintenance~~
11 ~~organization in the local community. The individual shall only be~~
12 ~~required to pay the primary care physician those co payments,~~
13 ~~coinsurance and any applicable deductibles in accordance with the~~
14 ~~terms of the agreement between the employer and the health~~
15 ~~maintenance organization and the provider shall not balance bill the~~
16 ~~patient.~~

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

1 SECTION 42. AMENDATORY 74 O.S. 2001, Section 1372, as
2 amended by Section 1, Chapter 369, O.S.L. 2003 (74 O.S. Supp. 2009,
3 Section 1372), is amended to read as follows:

4 Section 1372. The Oklahoma State ~~Employees~~ Benefits Council and
5 Wellness Office shall be responsible for making all determinations
6 as to the rights of any participant or any beneficiary of a
7 participant to receive amounts under the flexible spending account
8 benefits plan. The ~~Council~~ Office shall prescribe forms and
9 procedures for making claims for flexible spending account benefits
10 under the plan. Each person making a claim for benefits under the
11 flexible spending account benefits plan shall also furnish the
12 ~~Council~~ Office with such documents, evidence, data or information in
13 support of such claim as the ~~Council~~ Office considers necessary or
14 desirable. If any claim for the flexible spending account benefits
15 plan is wholly or partially denied, the claimant shall be given
16 notice in writing of such denial within a reasonable period of time,
17 but no later than forty-five (45) days after the claim is filed. A
18 claimant whose claim is denied shall have the right to a hearing
19 before the ~~Council's~~ Office's executive director or hearing officer
20 designated by the executive director. Written notification by a
21 claimant for a hearing must be received by the executive director
22 within ten (10) business days of notification of claim denial. The
23 hearing shall be conducted within thirty (30) days in accordance
24 with the provisions of the Administrative Procedures Act. The

1 ~~Council~~ Office shall promulgate administrative rules establishing
2 policies and procedures specific to the notice of denial, request
3 for explanation, and hearing for flexible spending account benefit
4 claims denial.

5 SECTION 43. AMENDATORY Section 1, Chapter 501, O.S.L.
6 2002, as last amended by Section 9, Chapter 231, O.S.L. 2006 (74
7 O.S. Supp. 2009, Section 1374), is amended to read as follows:

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

18 1. Has in place a statewide network of at least one hundred
19 fifty providers. "Providers", for purposes of this section, means
20 Optometrists (OD), Ophthalmologists (MD), and Ophthalmologists (DO)
21 which shall be counted once regardless of the number of locations
22 where they may practice. Optical shops and retail optical locations
23 shall not be listed as providers. The company offering the vision
24 plan must have a direct relationship with each provider on its

1 panel, and may not lease, borrow, or otherwise obtain use of a
2 provider panel from another company. This would not prevent a
3 company from offering their plan through one corporate entity and
4 administering the plan or provider panel through another legal
5 entity of the same organization. Providers must be actively engaged
6 in providing the services offered under the vision plan they
7 represent;

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

9 3. Is licensed by the Insurance Department, certified by the
10 State Department of Health, or licensed as a third-party
11 administrator by the Insurance Department. Vision plans must be
12 offered by the company administering the plan, not by an agent or
13 third party. A company shall offer only one vision plan and rate
14 schedule for each plan year;

15 4. Presents accurate product information in a reproducible
16 format not to exceed two pages; and

17 5. Vision plans must provide an examination, frames and lenses,
18 and/or contact lenses and some form of indemnified payment to the
19 contracted providers for each component of the benefits, i.e., the
20 exam, frames and lenses and/or contact lenses. This does not
21 eliminate discounted supplementary benefits under a qualified plan.

22 Any administrative fees imposed by the Oklahoma State ~~Employees~~
23 ~~Benefits Council or the State and Education Employees Group~~
24 ~~Insurance Board~~ and Wellness Office shall be applied equally to all

1 qualified vision plans. There shall be no additional requirements
2 imposed on a vision plan other than the proper licensing or
3 certification by the appropriate state agency.

4 SECTION 44. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 1376 of Title 74, unless there
6 is created a duplication in numbering, reads as follows:

7 Prior to the commencement of fiscal year 2012, and each fiscal
8 year thereafter, the Executive Director of the Oklahoma State
9 Benefits and Wellness Office shall remit to the state General
10 Revenue Fund an amount which reflects twenty percent (20%) of the
11 combined administrative costs of the Employees Benefits Council and
12 the Oklahoma State and Education Employees Group Insurance Board as
13 of fiscal year 2010.

14 SECTION 45. AMENDATORY 74 O.S. 2001, Section 1382, as
15 amended by Section 1, Chapter 50, O.S.L. 2006 (74 O.S. Supp. 2009,
16 Section 1382), is amended to read as follows:

17 Section 1382. A. There is hereby created within the Oklahoma
18 State ~~Employee Benefits Council~~ and Wellness Office, the Wellness
19 Council, to continue until July 1, 2012, in accordance with the
20 provisions of the Oklahoma Sunset Law.

21 B. The Wellness Council shall be composed of one representative
22 from every state agency which has designated a person to serve on
23 the Council as the wellness coordinator for their respective state
24 agency, one representative of education employees, and one

1 representative of the Oklahoma Governor's Council on Physical
2 Fitness and Sports.

3 C. Each state agency with two hundred (200) or more full-time-
4 equivalent employees shall appoint a wellness coordinator. All
5 wellness coordinators shall be appointed by October 1, 1994. Each
6 wellness coordinator shall be appointed for a term of two (2) years.
7 If a wellness coordinator can no longer serve for any reason the
8 appointing agency shall fill the vacancy for the unexpired term.

9 D. The first meeting of the Council shall be called by the
10 Executive Director of the ~~Employee State Benefits Council~~ and
11 Wellness Office. The ~~Employee State Benefits Council~~ and Wellness
12 Office shall designate a person to serve as the State Government
13 Wellness Coordinator. The State Government Wellness Coordinator
14 shall serve as the chairman of the Wellness Council. The chairman
15 shall preside over meetings of the Council and perform such other
16 duties as may be required by the Council. The Council shall elect
17 one of its members to serve as vice-chairman who shall perform the
18 duties of the chairman in the absence of the chairman or upon the
19 inability or refusal of the chairman to act.

20 E. The Council shall meet at least once quarterly, and may meet
21 more often as necessary.

22 F. The members of the Council shall serve without compensation.

23 G. A majority of the members of the Council shall constitute a
24 quorum for the transaction of business.

1 SECTION 46. AMENDATORY 74 O.S. 2001, Section 1383, is
2 amended to read as follows:

3 Section 1383. A. The Wellness Council shall coordinate and
4 develop wellness programs in state government and for school
5 districts in the state. The Council shall work to encourage
6 participation in wellness programs by state and education employees.
7 The Wellness Council may provide programs to state agencies and
8 school districts for quarterly health and safety training as
9 required by the Department of Labor according to the provisions of
10 Section 403 of Title 40 of the Oklahoma Statutes. In addition the
11 Council shall establish methods and a plan of action for receiving
12 money through grants from federal and private funds to implement
13 wellness programs in this state.

14 B. The chair of the Wellness Council shall appoint a Wellness
15 Coordinating Committee. The members of the Committee shall be
16 selected from among the members of the Council. The Committee shall
17 be responsible for meeting and coordinating wellness efforts with
18 the ~~State and Education Employees Group~~ HealthChoice Health
19 Insurance Board, the Oklahoma State ~~Employees Benefits Council~~ and
20 Wellness Office, the State Employee Assistance Program and the
21 Oklahoma Health Care Authority. In addition the Committee shall be
22 responsible for developing a plan of action to solicit public and
23 private funds for wellness programs.

24

1 SECTION 47. REPEALER 74 O.S. 2001, Section 1306.4, is
2 hereby repealed.

3 SECTION 48. REPEALER Section 6, Chapter 319, O.S.L. 2003
4 (74 O.S. Supp. 2009, Section 1306.6), is hereby repealed.

5 SECTION 49. REPEALER 74 O.S. 2001, Section 1307.1, is
6 hereby repealed.

7 SECTION 50. REPEALER 74 O.S. 2001, Section 1308, as
8 amended by Section 3, Chapter 345, O.S.L. 2004 (74 O.S. Supp. 2009,
9 Section 1308), is hereby repealed.

10 SECTION 51. REPEALER 74 O.S. 2001, Sections 1341, 1342,
11 1343, 1344, as last amended by Section 6, Chapter 231, O.S.L. 2006,
12 Section 2, Chapter 215, O.S.L. 2005, as amended by Section 7,
13 Chapter 231, O.S.L. 2006, 1346, 1347 and 1348 (74 O.S. Supp. 2009,
14 Sections 1344 and 1344.1) are hereby repealed.

15 SECTION 52. This act shall become effective November 1, 2010.

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