HB2888 FULLPCS2 Jason Murphey-SDR
2/22/2010 10:00:05 am

COMMITTEE AMENDMENT

HOUSE OF REPRESENTATIVES
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB2888 _____
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

Amendment submitted by: Jason Murphey

Adopted: _____

_____
Reading Clerk

STATE OF OKLAHOMA

2nd Session of the 52nd Legislature (2010)

PROPOSED COMMITTEE
SUBSTITUTE
FOR
HOUSE BILL NO. 2888 By: Moore

PROPOSED COMMITTEE SUBSTITUTE

An Act relating to employee benefits; amending 70 O.S. 2001, Sections 26-104, as last amended by Section 1, Chapter 180, O.S.L. 2007, 26-105, as last amended by Section 2, Chapter 180, O.S.L. 2007 and Section 2, Chapter 418, O.S.L. 2002 (70 O.S. Supp. 2009, Sections 26-104, 26-105 and 26-105.1), which relate to the Larry Dickerson Flexible Benefits Allowance Act; specifying applicability of Employees Benefits Act to certain health insurance plans; removing authority for employees to receive certain excess benefits; specifying that certain excess benefits shall be transferred to certain account; specifying benefit allowance available to certain school employees; requiring that certain excess benefits be transferred to certain account; specifying applicability of act to certain school 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,

O.S.L. 2006 (74 O.S. Supp. 2009, Sections 1303, 1304, 1305.1, 1306, 1308.1, 1310.1, 1314.3, 1315, 1315.1, 1316.1, 1316.2, 1320 and 1321), which relate to the State and Education Employees Group Insurance Act; specifying purpose of act; removing reference to life insurance benefits for employees; renaming State and Education Employees Group Insurance Board; modifying definitions; providing for the creation of the HealthChoice Health Insurance Board; modifying agency designations; removing authority to contract with certain pay for performance program provider; specifying that health and dental benefits shall be provided; requiring certain report be provided to Joint Liaison Committee; removing authority of HealthChoice Health Insurance Board to make certain eligibility determinations; removing authority to make certain contracts with certain health maintenance organizations; removing authority of Board to intercept certain monies; removing certain references to Joint Liaison Committee; removing authority of Committee to perform certain duties; removing authority to include accidental death and dismemberment policies in employee plans by 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

certain monthly financial statements and reports; authorizing Office to provide for continuation of benefits in certain circumstances; authorizing Office to deduct certain premiums from certain disability payments; authorizing Office to invest certain reserve fund monies; authorizing county governments to participate with Office for disability insurance programs; amending 74 O.S. 2001, Sections 1362, 1363, 1364, 1365, as last amended by Section 1, Chapter 28, O.S.L. 2009, 1366, Section 10, Chapter 439, O.S.L. 2002, 1369, 1370, as last amended by Section 2, Chapter 28, O.S.L. 2009, 1371, as last amended by Section 6, Chapter 269, O.S.L. 2007, 1372, as amended by Section 1, Chapter 369, O.S.L. 2003 and Section 1, Chapter 50, O.S.L. 2002, as last amended by Section 9, Chapter 231, O.S.L. 2006 (74 O.S. Supp. 2009, Sections 1365, 1366.1, 1370, 1371, 1372 and 1374), which relate to the Oklahoma State Employees Benefits Act; specifying application of act to public employees; modifying definitions; adding definitions; modifying agency designation; creating joint committee; providing joint committee designation; providing for appointment of members of committee; 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

flexible spending account; specifying employees required to purchase basic plan; directing Office to design basic plan; requiring Executive Director to deposit certain administrative costs to the General Revenue Fund annually; amending 74 O.S. 2001, Sections 1382, as amended by Section 1, Chapter 50, O.S.L. 2006 and 1383 (74 O.S. Supp. 2009, Section 1382), which relate to the Wellness Program Act, specifying fiduciary duties of Office; adding member to Wellness Council; repealing 74 O.S. 2001, Section 1306.4, which relates to Pilot Disease Management Program; repealing Section 6, Chapter 319, O.S.L. 2003 (74 O.S. Supp. 2009, Section 1306.6), which relates to administration of the Medical Expense Liability Revolving Fund; repealing 74 O.S. 2001, Section 1307.1, which relates to certain employee's right to change primary care physicians; repealing 74 O.S. 2001, Section 1308, as amended by Section 3, Chapter 345, O.S.L. 2004 (74 O.S. Supp. 2009, Section 1308), which relates to mandatory enrollment in certain insurance plans; repealing 74 O.S. 2001, Sections 1341, 1342, 1343, 1344, as last amended by Section 6, Chapter 231, O.S.L. 2006, Section 7, 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 this act. The funding shall be based on the number of eligible school district employees employed by a school district which is participating in the health insurance plan offered ~~by the State and Education Employees Group Insurance Board~~ pursuant to the Oklahoma State Employees Benefits Act or is self-insured as counted on May 1st of each year. Each Board shall disburse the flexible benefit allowance funds in appropriate amounts to school districts.

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

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

D. The administrator of the cafeteria plan shall maintain a separate account for each participating school district employee.

School districts shall forward the school district employee flexible benefit allowance amounts to the administrator for elected purchases of cafeteria plan benefits.

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

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

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

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

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

Section 26-105. A. The flexible benefit allowance shall be used by a school district employee who is participating in the cafeteria plan to purchase major medical health care plan coverage offered by the school district through a cafeteria plan. Any excess flexible benefit allowance over the cost of the major medical coverage purchased by the employee who is participating in the cafeteria plan may be used to purchase any of the additional benefits offered by the school district ~~or may be taken as taxable compensation as provided in subsection C of this section~~. Certified personnel who choose not to participate in the school-district-sponsored cafeteria plan shall receive Sixty-nine Dollars and seventy-one cents ($69.71) per month ~~as taxable compensation in lieu of the flexible benefit allowance amount provided in subsection B of this section~~ which shall be transferred to a flexible spending account established for the employee. Support personnel who choose not to participate in the school-district-sponsored cafeteria plan shall receive One Hundred Eighty-nine Dollars and sixty-nine cents ($189.69) per month ~~as taxable compensation in lieu of the flexible benefit allowance amount provided in subsection B of this section~~ which shall be transferred to a flexible spending account established for the employee.

B. Each eligible school district employee shall be credited annually with a specified amount as a flexible benefit allowance which shall be available for the purchase of benefits. The amount

of the flexible benefit allowance credited to each eligible school district employee shall be communicated to the employee prior to the enrollment period for each plan year.

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

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

~~3.~~ For the fiscal year ending June 30, ~~2005~~ 2011, and each fiscal year thereafter, the flexible benefit allowance amount for ~~certified personnel~~ school district employees shall be ~~no less than~~ the greater of one hundred percent (100%) of the premium amount for

the HealthChoice ~~(Hi) option~~ plan for an individual offered by the ~~State and Education Employees Group~~ HealthChoice Health Insurance Board for that plan year or the premium amount for the HealthChoice plan for an individual offered by the HealthChoice Health Insurance Board for the 2010 plan year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~11.~~ 8. To contract for reinsurance, catastrophic insurance, or any other type of insurance deemed necessary by the Board. Provided, however, that the Board shall not offer a health plan which is owned or operated by the state and which utilizes a capitated payment plan for providers which uses a primary care physician as a gatekeeper to any specialty care provided by physician-specialists, unless specifically authorized by the Legislature;

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

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

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

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

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

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

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

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

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

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

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

~~20.~~ 16. Beginning with the plan year which begins on January 1, 2006, the Board shall select and contract with one or more providers to offer a group TRICARE Supplement product to eligible employees who are eligible TRICARE beneficiaries. Any membership dues required to participate in a group TRICARE Supplement product offered pursuant to this paragraph shall be paid by the employee.

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

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

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

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

~~22.~~ 17. The ~~State and Education Employees Group~~ HealthChoice Health Insurance Board shall annually collect its own set of performance measures comparable to the Health Plan Employer Data and Information Set (HEDIS) for the purpose of assessing the quality of its HealthChoice plans and the other services it provides.

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

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

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

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

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

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

apply to participate in said insurance plans. Once an education entity becomes a participant in the health and dental insurance plans offered through the State and Education Employees Group Insurance Act, the education entity may withdraw from said participation, in a manner prescribed by the Board. If a school district is participating in the health and dental insurance plans pursuant to the State and Education Employees Group Insurance Act, Section 1301 et seq. of this title, the employees of the school district who are eligible to participate in the health and dental plans, at such time as the school district may withdraw from such participation, may require the board of education of the school district to call an election to allow said employees to vote as to whether the school district shall continue participation in the health and dental insurance plans offered through the State and Education Employees Group Insurance Act. Upon the filing with the board of education of a petition calling for such an election which is signed by no less than thirty percent (30%) of the eligible employees of the school district, the board of education shall call an election for the purpose of determining whether the school district shall continue participation in the health and dental insurance plans offered through the State and Education Employees Group Insurance Act. The election shall be held within thirty (30) days of the filing of the petition. If a majority of those eligible employees voting at the election vote to continue participation in

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

~~(2) Except as otherwise provided in this subsection, when an education entity participates in the health and dental insurance plans offered through the State and Education Employees Group Insurance Act, all employees shall be advised of Health Maintenance Organizations prepaid plans available as an alternative to the state self insured health insurance plan.~~

B. Eligible part-time education employees, at the option of the employee, may enroll in the plans either at the time the education entity begins participation in the plans or, if later, upon a showing of insurability to the satisfaction of the Board.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a. county,

b. city,

c. town,

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

e. conservation districts; and

2. Any of the following groups:

a. county hospital,

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

c. sewer district,

d. gas district,

e. solid waste management district,

f. nonprofit water corporation employees and board members,

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

h. voluntary organization of Oklahoma local government jurisdictions listed in Section 2003 of Title 62 of the Oklahoma Statutes including any council created by the voluntary organizations,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a. indemnity plans offered through the ~~State and Education Employees Group~~ HealthChoice Health Insurance Board,

b. managed care plans offered as alternatives to the indemnity plans offered through the ~~State and Education Employees Group~~ HealthChoice Health Insurance Board,

c. Medicare supplements offered pursuant to the State and Education Employees Group Insurance Act,

d. Medicare risk-sharing contracts offered as alternatives to the Medicare supplements offered through the ~~State and Education Employees Group~~ HealthChoice Health Insurance Board. All Medicare risk-sharing contracts shall be subject to a risk

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

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

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

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

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

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

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

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

Law Enforcement Retirement System to the Board in the manner specified in subsection G of this section, and

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

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

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

b. for plans offered by the State and Education Employees Group Insurance Act, the amount to be paid shall be

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

D. The ~~Board~~ Office shall establish a grievance procedure by which a three-member grievance panel established in the same manner as specified in paragraph ~~6~~ 4 of Section 1306 of this title shall act as an appeals body for complaints regarding the allowance and payment of claims, eligibility, and other matters. The grievance procedure provided by this subsection shall be the exclusive remedy available to persons having complaints against the insurer. Such grievance procedure shall be subject to the Oklahoma Administrative Procedures Act, including provisions for the review of agency decisions by the district court. The grievance panel shall schedule a hearing regarding the allowance and payment of claims, eligibility and other matters within sixty (60) days from the date the grievance panel receives a written request for a hearing. Upon written request to the grievance panel received not less than ten (10) days before the hearing date, the grievance panel shall cause a full stenographic record of the proceedings to be made by a licensed or certified court reporter at the insured employee's expense.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. The Administrator of the Office of Personnel Management;

2. Two members appointed by the Governor;

3. One member appointed by the President Pro Tempore of the Senate; and

4. One member appointed by the Speaker of the House of Representatives.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 1365. A. The Oklahoma State ~~Employees~~ Benefits ~~Council~~ <u>and Wellness Office</u> shall have the following duties, responsibilities and authority with respect to the administration of the plan:

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

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

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

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

5. To prepare and distribute information communicating and explaining the plan to participating employers and participants. The ~~State and Education Employees Group~~ HealthChoice Health Insurance Board, Health Maintenance Organizations, or other third-party insurance vendors may be directly or indirectly involved in the distribution of communicated information to participating ~~state agency~~ employers and ~~state employee~~ participants subject to the following conditions:

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

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

scheduling of any group presentations with the Council, and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a. they shall have a statewide provider network,

b. they shall provide benefits which shall reimburse the expense for the following types of dental procedures:

(1) diagnostic,

(2) preventative,

(3) restorative,

(4) endodontic,

(5) periodontic,

(6) prosthodontics,

(7) oral surgery,

(8) dental implants,

(9) dental prosthetics, and

(10) orthodontics, and

c. they shall provide an annual benefit of not less than One Thousand Five Hundred Dollars ($1,500.00) for all services other than orthodontic services, and a lifetime benefit of not less than One Thousand Five Hundred Dollars ($1,500.00) for orthodontic services;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Dependent care;

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

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

E. The amount by which an employee's salary is adjusted pursuant to a salary adjustment agreement shall be excluded from income in computation of income tax withholding, federal insurance contributions act taxes, unemployment payments and workers' compensation coverage. Such amount shall be included as income in computation of state retirement contributions and benefits. Provided, if the inclusions and exclusions provided in this

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

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

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

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

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

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

area as a condition to participation in the State Account,

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

c. require the participating health maintenance ~~organizations~~ organization to meet the standardized benefit plan as required by the Oklahoma State ~~Employees~~ Benefits ~~Council~~ and Wellness Office. However, participating health maintenance organizations may offer enhancements in an effort to make their plans more attractive and competitive, and

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

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

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

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

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

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

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

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

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

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

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

1. The ~~greater of Two Hundred Sixty two Dollars and nineteen cents ($262.19) per month or an~~ amount equal to the ~~sum of the average~~ monthly premiums of ~~all high option~~ the health maintenance organization health insurance ~~plans~~ plan offered to participants, ~~excluding the point of service plans,~~ the ~~average~~ monthly ~~premiums~~ premium of the dental ~~plans~~ plan offered to participants, the monthly premium of the disability plan, and the monthly premium of

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

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

a. for a spouse, seventy-five percent (75%) of the ~~average~~ price of ~~all high option~~ the health maintenance organization health benefit ~~plans, excluding the point-of-service plans,~~ plan available for coverage of a spouse,

b. for one child, seventy-five percent (75%) of the ~~average~~ price of ~~all high option~~ the health maintenance organization health benefit ~~plans~~ plan

available~~, excluding the point-of-service plans,~~ for coverage of one child,

c. for two or more children, seventy-five percent (75%) of the ~~average~~ price of ~~all high option~~ the health maintenance organization health benefit ~~plans~~ plan available~~, excluding the point of service plans,~~ for coverage of two or more children,

d. for a spouse and one child, seventy-five percent (75%) of the ~~average~~ price of ~~all high option~~ the health maintenance organization health benefit ~~plans~~ plan available~~, excluding the point-of-service plans,~~ for coverage of a spouse and one child, or

e. for a spouse and two or more children, seventy-five percent (75%) of the ~~average~~ price of ~~all high option~~ the health maintenance organization health benefit ~~plans~~ plan available~~, excluding the point of service plans,~~ for coverage of a spouse and two or more children.

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

E. This section shall not prohibit payments for supplemental health insurance coverage made pursuant to Section 1314.4 of this title or payments for the cost of providing health insurance

coverage for dependents of employees of the Grand River Dam Authority.

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

~~F.~~ G. If a participant elects benefits whose sum total of benefit prices is less than ~~his or her~~ the flexible benefit allowance credited to the participant, ~~he or she shall receive~~ any excess flexible benefit allowance ~~as taxable compensation~~ shall be transferred to a flexible spending account established for the participant. ~~Such taxable compensation will be paid in substantially equal amounts each pay period over the plan year. On termination during a plan year, a~~ A participant shall have no right to ~~receive any such taxable cash compensation allocated to~~ have the excess flexible benefit allowance deposited in a flexible spending

account for the portion of the plan year after the participant's termination. Nothing herein shall affect ~~a participant's~~ the obligation of a state employee participant to elect the minimum benefits or to accept the default benefits of the plan with corresponding reduction in the sum of ~~his or her~~ the flexible benefit allowance equal to the sum total benefit price of ~~such~~ the minimum benefits or default benefits.

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

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

~~Group~~ HealthChoice Health Insurance Board, a health maintenance organization or other vendors shall meet the minimum requirements set by the ~~Council~~ Office for the basic plan.

B. The Board shall offer health, disability, life and dental coverage to all participants and their dependents. For health~~,~~ and dental~~, disability and life~~ coverage, the Board shall offer plans at the basic benefit level established by the ~~Council~~ Office, and in addition, may offer benefit plans that provide an enhanced level of benefits. The Board shall be responsible for determining the plan design and the benefit price for the plans that they offer. ~~Effective for the plan year beginning January 1, 2007, and for each plan year thereafter, in~~ In setting health insurance premiums for active employees and for retirees under sixty-five (65) years of age, the Board shall set the monthly premium for active employees to be equal to the monthly premium for retirees under sixty-five (65) years of age.

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

C. In lieu of electing any of the preceding medical benefit plans, a participant may elect medical coverage by ~~any~~ the health maintenance organization made available to participants by the ~~Council~~ Office. The benefit price of any health maintenance

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

52-2-9936 SDR 02/19/10