

1 ENGROSSED HOUSE  
2 BILL NO. 2582

By: Thomsen of the House

and

Stanislawski of the Senate

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6  
7 ( state government - amending 74 O.S., Section 1371 -  
8 fiscal year -  
9 effective date )

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

13 SECTION 1. AMENDATORY 74 O.S. 2001, Section 1371, as  
14 last amended by Section 6, Chapter 269, O.S.L. 2007 (74 O.S. Supp.  
15 2009, Section 1371), is amended to read as follows:

16 Section 1371. A. All participants must purchase at least the  
17 basic plan unless, to the extent that it is consistent with federal  
18 law, the participant is a person who has retired from a branch of  
19 the United States military and has been provided with health  
20 coverage through a federal plan and that participant provides proof  
21 of that coverage. On or before January 1 of the plan year beginning  
22 July 1, 2001, and ~~July 1~~ April 1 of any plan year beginning after  
23 January 1, ~~2002~~ 2011, the Oklahoma State Employees Benefits Council  
24 shall design the basic plan for the next plan year to insure that

1 the basic plan provides adequate coverage to all participants. All  
2 benefit plans, whether offered by the State and Education Employees  
3 Group Insurance Board, a health maintenance organization or other  
4 vendors shall meet the minimum requirements set by the Council for  
5 the basic plan.

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

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

23 C. In lieu of electing any of the preceding medical benefit  
24 plans, a participant may elect medical coverage by any health

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

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

1 E. Each employee of a participating employer who meets the  
2 eligibility requirements for participation in the flexible benefits  
3 plan shall make an annual election of benefits under the plan during  
4 an enrollment period to be held prior to the beginning of each plan  
5 year. The enrollment period dates will be determined annually and  
6 will be announced by the Council, providing the enrollment period  
7 shall end no later than thirty (30) days before the beginning of the  
8 plan year. Effective October 1, 2011, the plan year shall be  
9 changed from calendar year to fiscal year.

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

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

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

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

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

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

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

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

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

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

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

