

1 ENGROSSED SENATE  
2 BILL NO. 2052

By: Coffee and Johnson  
(Constance) of the Senate

3 and

4 Bengie of the House

5  
6  
7 [ state government - State and Education Employees

8 Group Insurance Board - effective date -

9 emergency ]

10

11

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

13 SECTION 1. AMENDATORY 74 O.S. 2001, Section 1304, as  
14 last amended by Section 2, Chapter 231, O.S.L. 2006 (74 O.S. Supp.  
15 2009, Section 1304), is amended to read as follows:

16 Section 1304. (1) There is hereby created the State and  
17 Education Employees Group Insurance Board which shall consist of  
18 eight (8) members as follows: The State Insurance Commissioner, or  
19 the Commissioner's designee who shall be an employee of the  
20 Insurance Department, the Director of the Office of State Finance,  
21 two members appointed by the Governor, two members appointed by the  
22 Speaker of the House of Representatives, and two members appointed  
23 by the President Pro Tempore of the Senate. The appointed members  
24 shall each receive compensation of Five Hundred Dollars (\$500.00)

1 per month. Appointed members who fail to attend a regularly  
2 scheduled monthly meeting of the Board shall not receive the related  
3 monthly compensation. In the event an appointed member does not  
4 attend at least seventy-five percent (75%) of the regularly  
5 scheduled monthly meetings of the Board during a calendar year, the  
6 appointing authority may remove the member. A member may also be  
7 removed for any other cause as provided by law. A vacancy in the  
8 office of the appointed member shall be filled for the unexpired  
9 term of office in the same manner as the original appointment.

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

15 (3) The initial term of office of one of the members appointed  
16 each by the Speaker of the House of Representatives and by the  
17 President Pro Tempore of the Senate shall be for the period ending  
18 June 30, 1992. The initial term of office of the other member  
19 appointed each by the Speaker of the House of Representatives and by  
20 the President Pro Tempore of the Senate shall be for the period  
21 ending June 30, 1994. Thereafter, the term of office of the members  
22 appointed by the Speaker of the House of Representatives and by the  
23 President Pro Tempore of the Senate shall be four (4) years.

24 (4) The appointed members shall:

1 (a) have demonstrated professional experience in investment or  
2 funds management, public funds management, public or private group  
3 health or pension fund management, or group health insurance  
4 management; or

5 (b) be licensed to practice law in this state and have  
6 demonstrated professional experience in commercial matters; or

7 (c) be licensed by the Oklahoma Accountancy Board to practice  
8 in this state as a public accountant or a certified public  
9 accountant.

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

14 (5) No appointed member of the State and Education Employees  
15 Group Insurance Board shall be a lobbyist registered in this state  
16 as provided by law, a health care provider, a plan participant, be  
17 employed, directly or indirectly, by any insurance company or  
18 carrier, or health care provider, or be employed directly or  
19 indirectly, by any firm under contract to the Board for any goods or  
20 services whatsoever. Provided, however, if an appointed member of  
21 the Board was a plan participant of any insurance plans offered by  
22 the Board at the time the member was appointed to serve as a member  
23 of the Board, and the appointed member of the Board forfeited  
24 participation in the insurance plans in order to serve on the Board,

1 the member of the Board may resume participation in said insurance  
2 plans upon leaving the Board.

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

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

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

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

23

24

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

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

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

22 (13) The Board may contract with a pay-for-performance program  
23 provider. The contract shall be with a group practice of a medical  
24 school with at least three hundred fifty providers in its panel for

1 a statistically significant demonstration project among employee  
2 enrollees that select to participate in the program. The purpose of  
3 the program is to test a program's value proposition that offers  
4 financial incentives to both the health care provider and the  
5 patient for incorporating evidence-based medicine guidelines and  
6 information therapy prescriptions in the rendering and utilizing of  
7 health care. This program must offer the health care provider the  
8 flexibility to use the health care provider's clinical judgment to  
9 adhere to or deviate from the program's guidelines and still receive  
10 a financial incentive as long as the health care provider prescribes  
11 information therapy to the patient. The program shall offer a  
12 financial reward to the patient for responding to the information  
13 therapy prescription by demonstrating the patient's understanding of  
14 the patient's health condition, by demonstrating adherence to  
15 recommended care, and by judging the quality of care given to the  
16 patient against these guidelines. The program shall be offered and  
17 administered through an Internet application. This demonstration  
18 project shall collect and analyze data over a period of two (2)  
19 years in order to determine its effectiveness.

20 (14) The State and Education Employees Group Insurance Board  
21 may enter into a contract with out-of-state providers in connection  
22 with any PPO or hospital or medical network plan which shall  
23 include, but not be limited to, special care facilities and  
24 hospitals outside the borders of the State of Oklahoma. The

1 contract for out-of-state providers shall be identical to the in-  
2 state provider contracts. The State and Education Employees Group  
3 Insurance Board may negotiate for discounts from billed charges when  
4 the out-of-state provider is not a network provider and the member  
5 sought services in an emergency situation, when the services were  
6 not otherwise available in the State of Oklahoma or when the  
7 Administrator approved the service as an exceptional circumstance.

8 (15) The Oklahoma State and Education Employees Group Insurance  
9 Board shall contract for Plan Year 2011 with a vendor that offers a  
10 web-based, doctor-patient mutual accountability incentive program.  
11 The purpose of the contract is to conduct a pilot project to test  
12 the value proposition of a program that offers financial incentives  
13 to both the health care provider and the patient for each care  
14 encounter in which the provider and patient incorporate evidence-  
15 based medicine treatment guidelines, information therapy  
16 prescriptions and other proven medical interventions made available  
17 and recorded through the program in the rendering and utilizing of  
18 health care. This program shall offer the health care provider the  
19 flexibility to use the health care provider's clinical judgment to  
20 adhere to or deviate from the program's treatment guidelines and  
21 still receive a financial incentive, as long as the health care  
22 provider prescribes information therapy to the patient that includes  
23 an explanation of the provider's adherence or reason for non-  
24 adherence to the guideline. The program shall offer a financial

1 reward to the patient for responding to the information therapy  
2 prescription by demonstrating the patient's understanding of the  
3 patient's health condition, by declaring or demonstrating adherence  
4 to recommended care, by agreeing to allow the patient's physician to  
5 view patient's responses and acknowledge the patient's health  
6 accomplishments, and by judging the quality of care given to the  
7 patient against these guidelines and recommended care.  
8 Participation in the program shall be voluntary to both the provider  
9 and patient on an encounter-by-encounter basis. The program shall  
10 be offered and administered by the program vendor through an  
11 Internet application. This pilot project shall include enough  
12 beneficiaries of the Board to achieve a statistical significance and  
13 collect and analyze data over a period of two (2) years in order to  
14 determine the program's effectiveness. If it is determined that the  
15 program is effective, the Board shall continue the contract with  
16 such vendor by making the program available to all Board  
17 beneficiaries.

18       (16) The Administrator shall appoint an advisory committee to  
19 the State and Education Employees Group Insurance Board. The  
20 advisory committee shall consist of seven (7) members. Of the  
21 members appointed to the advisory committee, at least one member  
22 must be an active state employee, at least one member must be a  
23 retired state employee, at least one member must be an active  
24 education employee, at least one member must be a retired education

1 employee, and at least one member must be either an active county  
2 employee or a retired county employee.

3 SECTION 2. This act shall become effective July 1, 2010.

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

8 Passed the Senate the 10th day of March, 2010.

9

10

\_\_\_\_\_  
Presiding Officer of the Senate

11

12 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
13 2010.

14

15

\_\_\_\_\_  
Presiding Officer of the House  
of Representatives

16

17

18

19

20

21

22

23

24