

THE HOUSE OF REPRESENTATIVES  
Wednesday, February 10, 2010

House Bill No. 2582

HOUSE BILL NO. 2582 - By: THOMSEN of the House.

An Act relating to state government; amending 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), which relates to the purchase and details of benefit plan; changing benefit plan from calendar to fiscal year; and providing an effective date.

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

1 SECTION 1. AMENDATORY 74 O.S. 2001, Section 1371, as last amended by  
2 Section 6, Chapter 269, O.S.L. 2007 (74 O.S. Supp. 2009, Section 1371), is amended to  
3 read as follows:  
4 Section 1371. A. All participants must purchase at least the basic plan unless, to  
5 the extent that it is consistent with federal law, the participant is a person who has  
6 retired from a branch of the United States military and has been provided with health  
7 coverage through a federal plan and that participant provides proof of that coverage. On  
8 or before January 1 of the plan year beginning July 1, 2001, and ~~July 1~~ April 1 of any  
9 plan year beginning after January 1, ~~2002~~ 2011, the Oklahoma State Employees Benefits  
10 Council shall design the basic plan for the next plan year to insure that the basic plan  
11 provides adequate coverage to all participants. All benefit plans, whether offered by the  
12 State and Education Employees Group Insurance Board, a health maintenance

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

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

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

16 C. In lieu of electing any of the preceding medical benefit plans, a participant may  
17 elect medical coverage by any health maintenance organization made available to  
18 participants by the Council. The benefit price of any health maintenance organization  
19 shall be determined on a competitive bid basis. Contracts for said plans shall not be  
20 subject to the provisions of the Oklahoma Central Purchasing Act, Section 85.1 et seq. of  
21 this title. The Council shall promulgate rules establishing appropriate competitive  
22 bidding criteria and procedures for contracts awarded for flexible benefits plans. All

UNDERLINED language denotes Amendments to present Statutes.  
**BOLD FACE CAPITALIZED** language denotes Committee Amendments.  
~~Strike thru~~ language denotes deletion from present Statutes.

1 plans offered by health maintenance organizations meeting the bid requirements as  
2 determined by the Council shall be accepted. The Council shall have the authority to  
3 reject the bid or restrict enrollment in any health maintenance organization for which  
4 the Council determines the benefit price to be excessive. The Council shall have the  
5 authority to reject any plan that does not meet the bid requirements. All bidders shall  
6 submit along with their bid a notarized, sworn statement as provided by Section 85.22 of  
7 this title. Effective for the plan year beginning January 1, 2007, and for each plan year  
8 thereafter, in setting health insurance premiums for active employees and for retirees  
9 under sixty-five (65) years of age, HMOs, self-insured organizations and prepaid plans  
10 shall set the monthly premium for active employees to be equal to the monthly premium  
11 for retirees under sixty-five (65) years of age.

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

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

21 Each such employee shall make an irrevocable advance election for the plan year or  
22 the remainder thereof pursuant to such procedures as the Council shall prescribe. Any

1 such employee who fails to make a proper election under the plan shall, nevertheless, be  
2 a participant in the plan and shall be deemed to have purchased the default benefits  
3 described in this section.

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

7 G. Any participant who, in the first year for which he or she is eligible to  
8 participate in the plan, fails to make a proper election under the plan in conformance  
9 with the procedures set forth in this section or as prescribed by the Council shall be  
10 deemed automatically to have purchased the default benefits. The default benefits shall  
11 be the same as the basic plan benefits. Any participant who, after having participated in  
12 the plan during the previous plan year, fails to make a proper election under the plan in  
13 conformance with the procedures set forth in this section or prescribed by the Council,  
14 shall be deemed automatically to have purchased the same benefits which the  
15 participant purchased in the immediately preceding plan year, except that the  
16 participant shall not be deemed to have elected coverage under the health care  
17 reimbursement account plan or the dependent care reimbursement account plan.

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

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

6 a. that primary care physician was part of a provider group that was  
7 offered to the individual at enrollment and later removed from the  
8 network of the health maintenance organization, for reasons other  
9 than for cause, and

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

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

20 3. Any network offered in Oklahoma City that is terminated prior to July 1, 2004,  
21 shall notify the health maintenance organization, Oklahoma State Employees Benefits  
22 Council and State and Education Employees Group Insurance Board by June 11, 2004, of

1 the network's intentions to continue providing primary care services as described in  
2 paragraph 2 of this subsection offered by the health maintenance organization to state  
3 and public employees.

4 SECTION 2. This act shall become effective November 1, 2010.

5 COMMITTEE REPORT BY: COMMITTEE ON GOVERNMENT MODERNIZATION,  
6 dated 02-09-10 - DO PASS.