

THE HOUSE OF REPRESENTATIVES
Wednesday, February 24, 2010

Committee Substitute for
House Bill No. 2324

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 2324 - By: MURPHEY of the House and STANISLAWSKI of the Senate.

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 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:

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

4 Section 26-104. A. The Legislature shall annually appropriate adequate funding to
5 the State Board of Education and the State Board of Career and Technology Education
6 for the purpose of providing a flexible benefit allowance to school district employees
7 pursuant to this act. The funding shall be based on the number of eligible school district
8 employees employed by a school district which is participating in the health insurance
9 plan offered ~~by the State and Education Employees Group Insurance Board~~ pursuant to
10 the Oklahoma State Employees Benefits Act or is self-insured as counted on May 1st of
11 each year. Each Board shall disburse the flexible benefit allowance funds in appropriate
12 amounts to school districts.

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

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

1 D. The administrator of the cafeteria plan shall maintain a separate account for
2 each participating school district employee. School districts shall forward the school
3 district employee flexible benefit allowance amounts to the administrator for elected
4 purchases of cafeteria plan benefits.

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

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

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

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

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

21 Section 26-105. A. The flexible benefit allowance shall be used by a school district
22 employee who is participating in the cafeteria plan to purchase major medical health

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

15 B. Each eligible school district employee shall be credited annually with a specified
16 amount as a flexible benefit allowance which shall be available for the purchase of
17 benefits. The amount of the flexible benefit allowance credited to each eligible school
18 district employee shall be communicated to the employee prior to the enrollment period
19 for each plan year.

20 ~~1. For the fiscal year ending June 30, 2002, the flexible benefit allowance amount~~
21 ~~for certified personnel shall be no less than Sixty-nine Dollars and seventy-one cents~~
22 ~~(\$69.71) per month. For the fiscal year ending June 30, 2002, the flexible benefit~~

1 allowance amount for support personnel shall be no less than One Hundred Eighty-nine
2 Dollars and sixty-nine cents (\$189.69) per month.

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

11 ~~3. For the fiscal year ending June 30, 2005~~ 2011, and each fiscal year thereafter,
12 the flexible benefit allowance amount for ~~certified personnel~~ school district employees
13 shall be ~~no less than~~ the greater of one hundred percent (100%) of the premium amount
14 for the HealthChoice (Hi) ~~option~~ plan for an individual offered by the ~~State and~~
15 ~~Education Employees Group~~ HealthChoice Health Insurance Board for that plan year or
16 the premium amount for the HealthChoice plan for an individual offered by the
17 HealthChoice Health Insurance Board for the 2010 plan year.

18 C. If a school district employee who is participating in the cafeteria plan elects
19 benefits whose sum total is less than the flexible benefit allowance, the ~~employee shall~~
20 ~~receive any excess flexible benefit allowance as taxable compensation. Such taxable~~
21 ~~compensation shall be paid in substantially equal amounts each pay period over the plan~~
22 ~~year. Except as otherwise provided for in subsection D of this section, on termination~~

1 ~~during a plan year, a participating school district employee shall have no right to receive~~
2 ~~any taxable cash compensation allocated to the portion of the plan year after the~~
3 ~~termination of the employee~~ shall be transferred to a flexible spending account
4 established for the employee.

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

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

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

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

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

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

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

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

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

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

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

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

1 ~~(d)~~ 3. To recognize the service to the state by elected and appointed officials by
2 extending to them the same health, and dental ~~and life~~ insurance benefits as are
3 provided ~~herein for~~ to state and education employees; and

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

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

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

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

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

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

18 3. “Education Employee” means those employees other than adjunct professors
19 employed by a state institution of higher education, in the service of an education entity
20 who are members or are or will be eligible to become members of the Teachers’
21 Retirement System of Oklahoma and who receive compensation for such service after the
22 education entity begins to participate in the State and Education Employees Group

1 Insurance Act and visiting faculty who are not eligible for membership in the Teachers'
2 Retirement System of Oklahoma;

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

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

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

12 7. "State Employee" means and includes each officer or employee in the service of
13 the State of Oklahoma who, ~~after January 1, 1966, received~~ receives compensation for
14 service rendered to the State of Oklahoma on a warrant issued pursuant to a payroll
15 certified by a department or by an elected or duly appointed officer of the state or who
16 receives payment for the performance of personal services on a warrant issued pursuant
17 to a payroll certified by a department and drawn by the State Treasurer against
18 appropriations made by the Legislature from any state fund or against trust funds held
19 by the State Treasurer, who is employed in a position normally requiring actual
20 performance of duty during not less than one thousand (1,000) hours per year, and whose
21 employment is not seasonal or temporary, except that a person elected by popular vote
22 will be considered an employee during the person's tenure in office; ~~provided, however,~~

1 ~~that employees.~~ Employees who are otherwise eligible who are on approved leave
2 without pay shall be eligible to continue coverage during such leave not to exceed twenty-
3 four (24) months, as provided in the Merit Rules for Employment published by the Office
4 of Personnel Management, from the date the employee goes on such leave provided the
5 employee pays the full premiums due or persons who are drawing disability benefits
6 under Section 1331 et seq. of this title or meet each and every requirement of the State
7 Employees Disability Program shall be eligible to continue coverage provided the person
8 pays the full premiums due;

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

12 9. "Health Insurance Plan" means a self-insured plan by the State of Oklahoma for
13 the purpose of paying the cost of hospital and medical care up to the maximum coverage
14 provided by ~~said~~ the plan or ~~prepaid medical plan(s) offered to employees as an~~
15 ~~alternative to the state-administered plan by federally qualified HMOs which have~~
16 ~~contracted with the state~~ plans;

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

19 ~~11.~~ "Dental Benefits Plan" means a plan by the State of Oklahoma for the purpose
20 of paying the cost of dental care up to the maximum coverage provided by the plan;
21 whenever the term "Dental Insurance Plan" or a term of like import appears in the State

1 and Education Employees Group Insurance Act, the term shall mean “Dental Benefits
2 Plan”;

3 ~~12.~~ 11. “Other insurance” means any type of coverage other than basic hospital and
4 medical benefits, major medical benefits, comprehensive benefits, ~~life insurance benefits~~
5 or dental insurance benefits, which the Board may be directed by law to offer;

6 ~~13.~~ 12. “Dependent” means an employee’s spouse or any unmarried child (1) under
7 the age of twenty-five (25) years, regardless of residence, provided that the employee is
8 primarily responsible for their support, including (a) an adopted child and (b) a stepchild
9 or child who lives with the employee in a regular parent-child relationship, or (2)
10 regardless of age who is incapable of self-support because of mental or physical
11 incapacity that existed prior to reaching the age of twenty-five (25) years; and

12 ~~14.~~ 13. “Comprehensive benefits” means benefits which reimburse the expense of
13 hospital room and board, other hospital services, certain outpatient expenses, maternity
14 benefits, surgical expense, including obstetrical care, in-hospital medical care expense,
15 diagnostic radiological and laboratory benefits, physicians’ services provided by house
16 and office calls, treatments administered in physicians’ office, prescription drugs,
17 psychiatric services, Christian Science practitioners’ services, Christian Science nurses’
18 services, optometric medical services for injury or illness of the eye, home health care,
19 home nursing service, hospice care, and such other benefits as may be determined by the
20 Board. Such benefits shall be provided on a copayment or coinsurance basis, the insured
21 to pay a proportion of the cost of such benefits, and may be subject to a deductible that
22 applies to all or part of the benefits as determined by the Board; ~~and~~

1 15. ~~“Life insurance coverage” shall include a maximum amount of basic life~~
2 ~~insurance or benefit with or without a double indemnity provision and an amount of~~
3 ~~accidental death and dismemberment insurance or benefit per employee to be provided~~
4 ~~by the State of Oklahoma, and the employee shall have the option to purchase additional~~
5 ~~life insurance or benefits on the employee’s life up to the amount provided by the plan.~~
6 ~~Such basic life insurance benefits, with or without double indemnity, and accidental~~
7 ~~death and dismemberment benefits shall not exclude coverage for death or~~
8 ~~dismemberment resulting from war, insurrection or riot. The Board may also extend~~
9 ~~dependent life insurance in an amount to be determined by the Board to each insured~~
10 ~~employee who elects to insure the employee’s eligible dependents. Premiums for the~~
11 ~~dependent life insurance shall be paid wholly by the employee.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 ~~(12)~~ L. The Board shall adopt rules requiring payment for medical and dental
20 services and treatment rendered by duly licensed hospitals, physicians and dentists.
21 Unless the Board has otherwise contracted with the out-of-state health care provider, the
22 Board shall reimburse for medical services and treatment rendered and charged by an

1 out-of-state health care provider at least at the same percentage level as the network
2 percentage level of the fee schedule established by the ~~State and Education Employees~~
3 ~~Group~~ HealthChoice Health Insurance Board if the insured employee was referred to the
4 out-of-state health care provider by a physician or it was an emergency situation and the
5 out-of-state provider was the closest in proximity to the place of residence of the
6 employee which offers the type of health care services needed. For purposes of this
7 paragraph, health care providers shall include, but not be limited to, physicians, dentists,
8 hospitals and special care facilities.

9 ~~(13) The Board may contract with a pay-for-performance program provider. The~~
10 ~~contract shall be with a group practice of a medical school with at least three hundred~~
11 ~~fifty providers in its panel for a statistically significant demonstration project among~~
12 ~~employee enrollees that select to participate in the program. The purpose of the program~~
13 ~~is to test a program's value proposition that offers financial incentives to both the health~~
14 ~~care provider and the patient for incorporating evidence-based medicine guidelines and~~
15 ~~information therapy prescriptions in the rendering and utilizing of health care. This~~
16 ~~program must offer the health care provider the flexibility to use the health care~~
17 ~~provider's clinical judgment to adhere to or deviate from the program's guidelines and~~
18 ~~still receive a financial incentive as long as the health care provider prescribes~~
19 ~~information therapy to the patient. The program shall offer a financial reward to the~~
20 ~~patient for responding to the information therapy prescription by demonstrating the~~
21 ~~patient's understanding of the patient's health condition, by demonstrating adherence to~~
22 ~~recommended care, and by judging the quality of care given to the patient against these~~

1 guidelines. The program shall be offered and administered through an Internet
2 application. This demonstration project shall collect and analyze data over a period of
3 two (2) years in order to determine its effectiveness.

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

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

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

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

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

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

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

20 ~~(5)~~ E. The members of the Board, the Administrator and the employees of the
21 Board shall not accept gifts or gratuities from an individual organization with a value in
22 excess of Fifty Dollars (\$50.00) per year. The provisions of this section shall not be

1 construed to prevent the members of the Board, the Administrator or the employees of
2 the Board from attending educational seminars, conferences, meetings or similar
3 functions which are paid for, directly or indirectly, by more than one organization.

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

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

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

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

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

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

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

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

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

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

15 ~~(4) D.~~ D. The Board may establish an investment committee. The investment
16 committee shall be composed of not more than five ~~(5)~~ members of the Board appointed
17 by the chairman of the Board. The committee shall make recommendations to the full
18 Board on all matters related to the choice of custodians and managers of the assets of the
19 Board, on the establishment of investment and fund management guidelines, and in
20 planning future investment policy. The committee shall have no authority to act on
21 behalf of the Board in any circumstances whatsoever. No recommendation of the

1 committee shall have effect as an action of the Board nor take effect without the approval
2 of the Board as provided by law.

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

15 ~~(6)~~ F. Funds and revenues for investment by the investment managers or the Board
16 shall be placed with a custodian selected by the Board. The custodian shall be a bank or
17 trust company offering pension fund master trustee and master custodial services. The
18 custodian shall be chosen by a solicitation of proposals on a competitive bid basis
19 pursuant to standards set by the Board. In compliance with the investment policy
20 guidelines of the Board, the custodian bank or trust company shall be contractually
21 responsible for ensuring that all monies of the Board are invested in income-producing
22 investment vehicles at all times. If a custodian bank or trust company has not received

1 direction from the investment managers of the Board as to the investment of the monies
2 of the Board in specific investment vehicles, the custodian bank or trust company shall
3 be contractually responsible to the Board for investing the monies in appropriately
4 collateralized short-term interest-bearing investment vehicles.

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

7 ~~(8) H.~~ H. The Administrator shall compile a quarterly financial report of all the funds
8 of the Board on a calendar year basis. The report shall be compiled pursuant to uniform
9 reporting standards prescribed by the Insurance Commissioner for all domestic
10 insurance companies. The report shall include several relevant measures of investment
11 value, including acquisition cost and current fair market value with appropriate
12 summaries of total holdings and returns. The report shall contain combined and
13 individual rate of returns of the investment managers by category of investment, over
14 periods of time. The report shall be distributed to the Governor, the Legislative Service
15 Bureau and the Joint Liaison Committee on ~~Fiscal Operations~~ State Benefits created in
16 Section of this act.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 Section 1306. The ~~State and Education Employees Group~~ HealthChoice Health
21 Insurance Board shall administer and manage the group health and dental insurance
22 plans ~~and the flexible benefits plan and~~, subject to the provisions of the State and

1 Education Employees Group Insurance Act ~~and the State Employees Flexible Benefits~~
2 ~~Act~~, and shall have the following powers and duties:

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

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

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

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

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

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

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

11 ~~7. 5.~~ The continuing study of the operation of such insurance and benefit plans as
12 the Board may offer including such matters as gross and net costs, administrative costs,
13 benefits, utilization of benefits, and claims administration;

14 ~~8. 6.~~ The administration of the Health, and Dental ~~and Life~~ Insurance Reserve
15 Fund or Funds, ~~the Flexible Benefits Revolving Fund and the Education Employees~~
16 ~~Group Insurance Reserve Fund;~~

17 ~~9. 7.~~ The auditing of the claims paid pursuant to the provisions of the State and
18 Education Employees Group Insurance Act, ~~the State Employees Flexible Benefits Act~~
19 ~~and the State Employees Disability Program Act;~~

20 ~~10. a. To select and contract with federally qualified Health Maintenance~~
21 ~~Organizations under the provisions of 42 U.S.C., Section 300e et seq. or~~
22 ~~with Health Maintenance Organizations granted a certificate of~~

1 authority by the Insurance Commissioner pursuant to Sections 6901
2 through 6951 of Title 36 of the Oklahoma Statutes for consideration by
3 employees as an alternative to the state self-insured health plan, and
4 to transfer to the HMOs such funds as may be approved for an
5 employee electing HMO alternative services. The Board may also
6 select and contract with a vendor to offer a point-of-service plan. An
7 HMO may offer coverage through a point-of-service plan, subject to the
8 guidelines established by the Board. However, if the Board chooses to
9 offer a point-of-service plan, then a vendor that offers both an HMO
10 plan and a point-of-service plan may choose to offer only its point-of-
11 service plan in lieu of offering its HMO plan.

12 b. Benefit plan contracts with the State and Education Employees Group
13 Insurance Board, Health Maintenance Organizations, and other third-
14 party insurance vendors shall provide for a risk adjustment factor for
15 adverse selection that may occur, as determined by the Board, based
16 on generally accepted actuarial principles. The risk adjustment factor
17 shall include all members participating in the plans offered by the
18 State and Education Employees Group Insurance Board. The
19 Oklahoma State Employees Benefits Council shall contract with an
20 actuary to provide the above actuarial services, and shall be
21 reimbursed for these contract expenses by the Board.

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

7 ~~11. 8.~~ 8. To contract for reinsurance, catastrophic insurance, or any other type of
8 insurance deemed necessary by the Board. Provided, however, that the Board shall not
9 offer a health plan which is owned or operated by the state and which utilizes a capitated
10 payment plan for providers which uses a primary care physician as a gatekeeper to any
11 specialty care provided by physician-specialists, unless specifically authorized by the
12 Legislature;

13 ~~12. 9.~~ 9. The Board, pursuant to the provisions of Section 250 et seq. of Title 75 of the
14 Oklahoma Statutes, shall adopt such rules consistent with the provisions of the State
15 and Education Employees Group Insurance Act as it deems necessary to carry out its
16 statutory duties and responsibilities. Emergency Rules adopted by the Board and
17 approved by the Governor which are in effect on the first day of the Regular Session of
18 the Oklahoma Legislature shall not become null and void until January 15 of the
19 subsequent calendar year;

20 ~~13. 10.~~ 10. The Board shall contract for claims administration services with a private
21 insurance carrier or a company experienced in claims administration of any insurance
22 that the Board may be directed to offer. No contract for claims administration services

1 shall be made unless such contract has been offered for bids through the Purchasing
2 Division of the Department of Central Services. The Board shall contract with a private
3 insurance carrier or other experienced claims administrator to process claims with
4 software that is normally used for its customers;

5 ~~14.~~ 11. The Board shall contract for utilization review services with a company
6 experienced in utilization review, data base evaluation, market research, and planning
7 and performance of the health insurance plan;

8 ~~15.~~ 12. The Board shall have the authority to determine all rates ~~and life,~~ for dental
9 and health benefits. Except as otherwise provided for in Section 1321 of this title, the
10 Board shall not have the authority to adjust the premium rates after approval. The
11 Board shall submit notice of the amount of employee premiums and dependent premiums
12 along with an actuarial projection of the upcoming fiscal year's enrollment, employee
13 contributions, employer contributions, investment earnings, paid claims, internal
14 expenses, external expenses and changes in liabilities to the Director of the Office of
15 State Finance and the Director of the Legislative Service Bureau no later than March 1
16 of the previous fiscal year.

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

1 ~~16.~~ 13. Before December 1 of each year the Board shall submit to the Director of the
2 Office of State Finance a report outlining the financial condition for the previous fiscal
3 year of all insurance plans offered by the Board. The report shall include a complete
4 explanation of all reserve funds and the actuarial projections on the need for such
5 reserves. The report shall include and disclose an estimate of the future trend of medical
6 costs, the impact from HMO enrollment, antiselection, changes in law, and other
7 contingencies that could impact the financial status of the plan. The Director of the
8 Office of State Finance shall make written comment on the report and shall provide such
9 comment, along with the report submitted by the Board, to the Governor, the President
10 Pro Tempore of the Senate, the Speaker of the House of Representatives and the Chair of
11 the Oklahoma State ~~Employees Benefits Council~~ and Wellness Office by January 15;

12 ~~17.~~ 14. The Board shall establish a prescription drug card network;

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

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

1 ~~20.~~ 16. Beginning with the plan year which begins on January 1, 2006, the Board
2 shall select and contract with one or more providers to offer a group TRICARE
3 Supplement product to eligible employees who are eligible TRICARE beneficiaries. Any
4 membership dues required to participate in a group TRICARE Supplement product
5 offered pursuant to this paragraph shall be paid by the employee. As used in this
6 paragraph, "TRICARE" means the Department of Defense health care program for active
7 duty and retired uniform service members and their families;

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

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

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

6 ~~22. 17.~~ The ~~State and Education Employees Group~~ HealthChoice Health Insurance
7 Board shall annually collect its own set of performance measures comparable to the
8 Health Plan Employer Data and Information Set (HEDIS) for the purpose of assessing
9 the quality of its HealthChoice plans and the other services it provides.

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

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

1 practitioner for the diagnosis and treatment of a particular illness, disease, injury or
2 condition.

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

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

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

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

1 established for withdrawal by the State and Education Employees Group Insurance
2 Board.

3 ~~(2) B. Except as otherwise provided in this subsection, when an education entity~~
4 ~~participates in the health and dental insurance plans offered through the State and~~
5 ~~Education Employees Group Insurance Act, all employees shall be advised of Health~~
6 ~~Maintenance Organizations prepaid plans available as an alternative to the state self-~~
7 ~~insured health insurance plan.~~ Eligible part-time education employees, at the option of
8 the employee, may enroll in the plans either at the time the education entity begins
9 participation in the plans or, if later, upon a showing of insurability to the satisfaction of
10 the Board.

11 ~~(3) C.~~ Any employee of an education entity participating in the health and dental
12 insurance plans offered through the State and Education Employees Group Insurance
13 Act who is employed after the education entity began said participation may be enrolled
14 in the health and dental insurance plans ~~or HMO plans~~ approved by the Board on the
15 first day of the second month of employment.

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

21 ~~(5) E.~~ Education employees who shall be absent from the teaching service because
22 of election or appointment as a local, state, or national education association officer shall

1 be allowed to retain coverage pursuant to the State and Education Employees Group
2 Insurance Act upon the payment of the full cost of the coverage at the rate and under
3 such terms and conditions established by the Board.

4 ~~(6)~~ F. Except as otherwise provided by law, an educational entity may cease to
5 participate in the State and Education Employees Group Insurance Act but provide
6 health insurance coverage through another insurance carrier. The subsequent carrier
7 shall provide coverage to the employees of the educational entity who terminated
8 employment with a retirement benefit, with a vested benefit, or who have ten (10) or
9 more years of service with a participating educational entity but did not have a vested
10 benefit through the retirement system of the educational entity, if the election to retain
11 health insurance coverage was made within thirty (30) days of termination of
12 employment. Coverage shall also be provided to the eligible dependents of the employees
13 if an election to retain coverage is made within thirty (30) days of termination of
14 employment.

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

17 Section 1309. A. Any eligible employee may elect to have a dependent or
18 dependents of the employee covered by the Health Insurance Plan and Dental Insurance
19 Plan ~~or by any available Health Maintenance Organization (HMO)~~ approved by the
20 Board. The employee may elect to cover all dependent children and not elect to cover the
21 spouse of the employee. Such election shall be made at the time the employee becomes
22 enrolled in the Plan, under such procedures as the Board may establish. If dependent

1 coverage is not elected or if the employee elects to cover all dependent children and not
2 the spouse of the employee at the time an employee becomes enrolled in the Plan,
3 dependent coverage or coverage for the spouse cannot be elected until the next
4 enrollment period or until a qualifying event has occurred as established by the Board.
5 Such subsequent election of dependent coverage shall be made under such conditions as
6 the Board may impose. If electing not to cover the spouse, the employee shall submit a
7 statement signed by both the employee and the spouse acknowledging their choice not to
8 provide insurance coverage for the spouse under the Health Insurance Plan and Dental
9 Insurance Plan ~~or approved HMO plans.~~

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

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

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

20 Section 1310.1 A. If a certified employee elects health care coverage under a plan
21 offered by a school district, including a plan offered by the State and Education
22 Employees Group Insurance Board or a self-insured plan offered by the school district,

1 then a school district shall pay for the fiscal year ending June 30, 2005, and each fiscal
2 year thereafter, no less than one hundred percent (100%) of the premium amount ~~for the~~
3 ~~HealthChoice (HI) option plan for an individual offered by the State and Education~~
4 ~~Employees Group Insurance Board.~~

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

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

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

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

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

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

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

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

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

18 Section 1312.1 There is hereby created in the State Treasury a Revolving Fund for
19 the State and Education Employees Group Insurance Plan. The revolving fund shall
20 consist of funds transferred from the Health and Dental Insurance Reserve Fund ~~and the~~
21 ~~Life Insurance Reserve Fund~~ for operational expenses of the State Health and Life
22 Insurance Plan ~~and monies assessed from or collected for and due a Health Maintenance~~

1 ~~Organization (HMO) as approved by the Board.~~ Expenditures from said funds shall be
2 made pursuant to the laws of the state and statutes relating to the Plan. This revolving
3 fund shall be a continuing fund, not subject to fiscal year limitations, and shall be under
4 the control and management of the ~~State and Education Employees Group~~ HealthChoice
5 Health Insurance Board.

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

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

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

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

19 ~~(2) All monies in the Life Insurance Reserve Fund that are reserves for the health~~
20 ~~and dental plans administered by the State and Education Employees Group Insurance~~
21 ~~Board shall be transferred to the Health and Dental Insurance Reserve Fund on July 1,~~
22 ~~1989.~~

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

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

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

14 ~~(3)~~ C. All Commission employees, retirees and dependents participating in the
15 Agency Plan as of the effective date of this act shall be permitted to transfer to the State
16 Plan and receive the supplemental insurance benefits for which provision is made in
17 Section 1314.4 of this title at such time as the supplemental insurance is available. If
18 not sooner transferred, all Agency Plan participants shall be transferred to the State
19 Plan on January 1, 1991. Such mandatory transfer shall occur simultaneously with any
20 cancellation by the insurance provider of the Agency Plan, occurring prior to January 1,
21 1991.

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

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

19 (6) F. Except as provided in this subsection, employees and retirees of the
20 Commission, and their dependents, shall be covered under the dental ~~and life insurance~~
21 ~~plans~~ plan provided by the ~~State and Education Employees Group~~ HealthChoice Health
22 Insurance Board pursuant to the same provisions and premiums as apply to the

1 employees and retirees of other state agencies. ~~Employees and retirees may elect to keep~~
2 ~~their present agency offered life insurance, in addition to the state life insurance. Any~~
3 ~~employee who elects to keep their agency offered life insurance shall pay the premium for~~
4 ~~the life insurance provided pursuant to the State and Education Employees Group~~
5 ~~Insurance Act. Any Commission retiree who elects to participate in the life insurance~~
6 ~~program provided pursuant to the State and Education Employees Group Insurance Act~~
7 ~~shall pay the premium for such coverage.~~

8 (7) ~~In the event that the agency offered life insurance plan is canceled by the~~
9 ~~insurer offering it, the Commission shall contract with the State and Education~~
10 ~~Employees Group Insurance Board for replacement coverage equal to that lost by said~~
11 ~~cancellation. Said Board is expressly authorized and directed to enter into such a~~
12 ~~contract. The Commission and the participants shall pay the full actuarial costs and all~~
13 ~~reasonable administrative costs for such coverage. Said actuarial and administrative~~
14 ~~costs shall be divided between the Commission and the participants in the same ratio as~~
15 ~~premiums are now divided for the agency offered life insurance. The Board shall~~
16 ~~maintain separate reserves for said coverage. On January 1, 2005, the Commission shall~~
17 ~~convert the agency offered life insurance to the life insurance plans provided by the State~~
18 ~~and Education Employees Group Insurance Board pursuant to the same provisions and~~
19 ~~premiums as apply to the employees and retirees of other state agencies. The~~
20 ~~Commission may offer eligible employees an opportunity to voluntarily relinquish their~~
21 ~~agency life insurance upon a payment to the eligible employee, provided funds exist to do~~

22 so.

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

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

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

- 12 a. county,
- 13 b. city,
- 14 c. town,
- 15 d. public trust for which the state is the primary beneficiary, or
- 16 e. conservation districts; and

17 2. Any of the following groups:

- 18 a. county hospital,
- 19 b. rural water district, including employees and board members,
- 20 c. sewer district,
- 21 d. gas district,
- 22 e. solid waste management district,

- 1 f. nonprofit water corporation employees and board members,
2 g. conservancy district or master conservancy district authorized by the
3 provisions of Section 541 of Title 82 of the Oklahoma Statutes,
4 h. voluntary organization of Oklahoma local government jurisdictions
5 listed in Section 2003 of Title 62 of the Oklahoma Statutes including
6 any council created by the voluntary organizations,
7 i. voluntary association designated to administer the County
8 Government Council as authorized in Section 7 of Title 19 of the
9 Oklahoma Statutes,
10 j. statewide nonprofit entities representing employees of the state or
11 employees of local political subdivisions who are eligible for insurance
12 benefits authorized by the provisions of the State and Education
13 Employees Group Insurance Act, or
14 k. statewide nonprofit entities receiving state funds to provide no cost
15 legal services to low income and senior citizens.

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

19 C. Groups listed in subsection A of this section participating in the Oklahoma State
20 and Education Employees Group Health and Life Insurance Plans shall pay all costs
21 attributable to their participation. The benefits of said plans for a participant provided
22 coverage pursuant to this section shall be the same and shall include the same plan

1 options as would be made available to a state employee participating in the plan that
2 resided at the same location. The premium for participating groups listed in subsection
3 A of this section shall be the same as paid by state and education employees.

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

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

21 2. Any employee of a group listed in subsection A of this section who retires or who
22 has a vested benefit pursuant to the Oklahoma Public Employees Retirement System

1 may begin or continue the health insurance coverage if the employer of the employee is a
2 participant of the State and Education Employees Group Insurance Act and the election
3 to begin or continue coverage is made within thirty (30) days from the date of
4 termination of service.

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

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

1 H. Notwithstanding other provisions in this section, an employer listed in
2 subsection A of this section may cease to participate in the State and Education
3 Employees Group Insurance Act but provide health insurance coverage for its current
4 and former employees through another insurance carrier. The subsequent carrier shall
5 be responsible for providing coverage to the entity's employees who terminated
6 employment with a retirement benefit, with a vested benefit, or who have eight (8) or
7 more years of service with a participating employer but did not have a vested benefit
8 through the Oklahoma Public Employees Retirement System, if the election to retain
9 health insurance coverage was made within thirty (30) days of termination of
10 employment. Coverage shall also be provided to the eligible dependents of the employees
11 if an election to retain coverage is made within thirty (30) days of termination of
12 employment. Employees who terminate employment from an employer covered by this
13 paragraph before December 31, 2001, and elect coverage under the State and Education
14 Employees Group Insurance Act, shall not be required to change insurance carriers in
15 the event that the employer changes its insurance carrier to a subsequent carrier. The
16 provisions of this subsection shall become effective January 1, 2002.

17 I. Employers pursuant to subsection A of this section who participate in the
18 Oklahoma Public Employees Retirement System and who offer health insurance
19 coverage to their active employees, shall offer health insurance coverage to those
20 employees who retire from the employer and also to those employees who terminate
21 employment and are eligible to elect a vested benefit in the System. Such employers
22 shall begin offering coverage to such employees on or before January 1, 2004. Such

1 employees who wish to continue coverage shall make an election to retain health
2 insurance coverage within thirty (30) days of termination of employment. However,
3 former employees of such employers who have already retired or who have terminated
4 and are eligible to elect a vested benefit under the Oklahoma Public Employees
5 Retirement System, during the period beginning January 1, 2002, and ending December
6 31, 2003, may make an election to begin participation in the plans offered by the ~~State~~
7 ~~and Education Employees Group~~ HealthChoice Health Insurance Board on or before
8 December 31, 2003, in the same manner as other participating retired or vested
9 members. The employer, assisted by the Oklahoma Public Employees Retirement
10 System shall notify by October 1, 2003, all members who have either retired from the
11 System or who are eligible to elect a vested benefit in the System between January 1,
12 2002, through December 31, 2003, and who were employed by an employer listed in
13 subsection A of this section of the member's potential eligibility to participate in such
14 plans. Each employer shall notify the Oklahoma Public Employees Retirement System
15 when an employee is retiring and makes the election pursuant to this subsection to
16 continue coverage under a plan offered by such employer and when an employee
17 terminates employment and is eligible to elect a vested benefit in the System and such
18 employee elects to continue coverage under a plan offered by such employer. Such
19 employer shall also notify the Oklahoma Public Employees Retirement System if a
20 retired employee or an employee who is eligible to elect a vested benefit in the System
21 terminates such continued coverage.

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

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

8 Section 1315.1 Upon election and application by the secretary of a county election
9 board and subject to any underwriting criteria that may be established by the ~~State and~~
10 ~~Education Employees Group~~ HealthChoice Health Insurance Board, the Board shall
11 extend the benefits of the State and Education Employees Group Health ~~and Life~~
12 Insurance Plans to the secretary of each county election board, if the county in which the
13 secretary serves is not participating in such plans.

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

17 Section 1316.1 A. Any person who retires or who has elected to receive a vested
18 benefit under the provisions of the State of Oklahoma retirement systems or persons who
19 are currently drawing disability benefits under Section 1331 et seq. of this title or who
20 meet each and every requirement of the State Employees Disability Program or the
21 spouse or dependent of any such employee may continue in force the life insurance
22 benefits ~~authorized by this act~~ offered by the State Benefits and Wellness Office in a face

1 amount of not less than one-fourth (1/4) of the basic life insurance amount, if such
2 election to continue in force is made within thirty (30) days from the time of severance.
3 Persons electing to continue in force life insurance benefits shall pay the full cost of the
4 life insurance and under such terms and conditions as established by the ~~Board~~ Office.
5 Further, any such retiree may continue in force any additional life insurance that was
6 purchased prior to retirement at an actuarially adjusted rate and under such terms and
7 conditions as established by the ~~Board~~ Office.

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

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

21 C. In lieu of subsection A of this section, any person who retires or who has elected
22 to receive a vested benefit under the provisions of the State of Oklahoma retirement

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

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

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

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

1 determining eligibility to elect to continue coverage under this section, the time during
2 which said terminating employee was covered as such a dependent.

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

- 4 a. indemnity plans offered through the ~~State and Education Employees~~
5 ~~Group~~ HealthChoice Health Insurance Board,
- 6 b. managed care plans offered as alternatives to the indemnity plans
7 offered through the ~~State and Education Employees Group~~
8 HealthChoice Health Insurance Board,
- 9 c. Medicare supplements offered pursuant to the State and Education
10 Employees Group Insurance Act,
- 11 d. Medicare risk-sharing contracts offered as alternatives to the Medicare
12 supplements offered through the ~~State and Education Employees~~
13 ~~Group~~ HealthChoice Health Insurance Board. All Medicare risk-
14 sharing contracts shall be subject to a risk adjustment factor, based on
15 generally accepted actuarial principles for adverse selection which may
16 occur, and
- 17 e. for the Oklahoma Public Employee Retirement System, other
18 employer-provided health insurance benefit plans if the employer does
19 not participate in the plans offered pursuant to the State and
20 Education Employees Group Insurance Act.

21 2. Health insurance benefit plans offered pursuant to this section shall provide
22 prescription drug benefits, except for plans designed pursuant to the Medicare

1 Prescription Drug Improvement and Modernization Act of 2003, for which provision of
2 prescription drug benefits is optional, and except for plans offered pursuant to
3 subparagraph e of paragraph 1 of this subsection.

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

7 a. a retired employee other than an education employee who is receiving
8 benefits from the Oklahoma Public Employees Retirement System
9 after September 30, 1988, shall have One Hundred Five Dollars
10 (\$105.00), or the premium rate of the health insurance benefit plan,
11 whichever is less, paid by the Oklahoma Public Employees Retirement
12 System to the Board or other insurance carrier of the employer if the
13 employer does not participate in the plans offered by the ~~State and~~
14 ~~Education Employees Group~~ HealthChoice Health Insurance Board in
15 the manner specified in subsection G of this section,

16 b. a retired employee or surviving spouse other than an education
17 employee who is receiving benefits from the Oklahoma Law
18 Enforcement Retirement System after September 30, 1988, is under
19 sixty-five (65) years of age and is not otherwise eligible for Medicare
20 shall have the premium rate for the health insurance benefit plan or
21 One Hundred Five Dollars (\$105.00), whichever is less, paid by the

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

- 1 Oklahoma Law Enforcement Retirement System to the Board in the
2 manner specified in subsection G of this section,
- 3 c. a retired employee other than an education employee who is receiving
4 benefits from the Oklahoma Law Enforcement Retirement System
5 after September 30, 1988, is sixty-five (65) years of age or older or who
6 is under sixty-five (65) years of age and is eligible for Medicare shall
7 have One Hundred Five Dollars (\$105.00), or the premium rate of the
8 health insurance benefit plan, whichever is less, paid by the Oklahoma
9 Law Enforcement Retirement System to the Board in the manner
10 specified in subsection G of this section, and
- 11 d. a retired employee other than an education employee who is receiving
12 benefits from the Uniform Retirement System for Justices and Judges
13 after September 30, 1988, shall have One Hundred Five Dollars
14 (\$105.00), or the premium rate of the health insurance plan, whichever
15 is less, paid by the Uniform Retirement System for Justices and
16 Judges to the Board in the manner specified in subsection G of this
17 section.

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

- 20 a. the health plan shall be authorized by the provisions of the State and
21 Education Employees Group Insurance Act, except that if an employer
22 from which an employee retired or with a vested benefit pursuant to

1 the provisions of the Oklahoma Public Employees Retirement System
2 does not participate in the plans authorized by the provisions of the
3 State and Education Employees Group Insurance Act, the health plan
4 will be the health insurance benefits of the employer from which the
5 individual retired or vested,

6 b. for plans offered by the State and Education Employees Group
7 Insurance Act, the amount to be paid shall be determined pursuant to
8 the provisions of this subsection and shall first be applied in whole or
9 in part to the prescription drug coverage premium. Any remaining
10 amount shall be applied toward the medical coverage premium,

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

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

16 D. For any member of the Oklahoma Law Enforcement Retirement System killed
17 in the line of duty, whether the member was killed in the line of duty prior to the
18 effective date of this act or on or after the effective date of this act, or if the member was
19 on a disability leave status at the time of death, the surviving spouse or dependents of
20 such deceased member of the Oklahoma Law Enforcement Retirement System may elect
21 to continue or commence health and dental insurance benefits provided said dependents
22 pay the full cost of such insurance and for deaths occurring on or after July 1, 2002, such

1 election is made within thirty (30) days of the date of death. The eligibility for said
2 benefits shall terminate for the surviving children when said children cease to qualify as
3 dependents.

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

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

1 thirty (30) days of date of death. The eligibility for said benefits shall terminate for the
2 surviving children when said children cease to qualify as dependents.

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

11 H. Upon retirement from employment of the Board of Regents of the University of
12 Oklahoma, any person who was or is employed at the George Nigh Rehabilitation
13 Institute and who transferred employment pursuant to Section 3427 of Title 70 of the
14 Oklahoma Statutes, any person who was employed at the Medical Technology and
15 Research Authority and who transferred employment pursuant to Section 7068 of this
16 title, and any person who is a member of the Oklahoma Law Enforcement Retirement
17 System pursuant to the authority of Section 2-314 of Title 47 of the Oklahoma Statutes
18 may participate in the benefits authorized by the provisions of the State and Education
19 Employees Group Insurance Act for retired participants, including health, dental and life
20 insurance benefits, if such election to participate is made within thirty (30) days from the
21 date of termination of service. Life insurance benefits for any such person who
22 transferred employment shall not exceed the coverage the person had at the time of such

1 transfer. Retirees who transferred employment and who participate pursuant to this
2 paragraph shall pay the premium for elected benefits less any amounts paid by a state
3 retirement system pursuant to this section.

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

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

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

18 Section 1318. No former employee who is reemployed by a participating entity
19 within twenty-four (24) months after the date of termination of previous employment
20 shall be enrolled in the ~~State and Education Employees Group Insurance Plan~~
21 ~~authorized by Section 1301 et seq. of this title~~, for a greater amount of life insurance or
22 life benefit than the amount for which the life of the ex-employee was insured under said

1 plan at the date of termination of his employment, except upon his furnishing evidence of
2 his insurability, satisfactory to the Board, and any greater amount of benefit or
3 insurance provided him shall be at the ex-employee's cost.

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

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

10 The Board may hire a director of internal audit and one attorney licensed to
11 practice law in this state. The attorney hired by the Board shall have not less than five
12 (5) years of experience in matters related to the insurance industry. The Board shall
13 directly supervise the duties of the director of internal audit, and shall not delegate said
14 supervision to the Administrator or any other employee of the Board. In addition to
15 duties assigned by the Board, the director of internal audit is authorized to audit all
16 records of health providers and pharmacists who enter into any contract with the Board
17 in order to ensure compliance with said contract provisions.

18 B. The administrator shall employ such persons as are necessary to administer the
19 provisions of the State and Education Employees Group Insurance Act, ~~the State~~
20 ~~Employees Flexible Benefits Act and the State Employees Disability Program Act.~~ The
21 administrator may employ a maximum of two (2) attorneys. The administrator or one of

1 the deputy administrators shall have not less than seven (7) years of group health
2 insurance administration experience on a senior managerial level.

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

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

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

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

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

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

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

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

18 Section 1332. A. The State ~~and Education Employees Group Insurance Board~~
19 Benefits and Wellness Office shall establish a Disability Insurance Program for state
20 employees. The program shall consist of a long-term disability plan and a short-term
21 disability plan. Participation in the program shall be limited to state employees who
22 have been state employees for a period of not less than one (1) month and who are

1 eligible for enrollment in the Health Insurance Plan administered by the ~~Board~~ Office.
2 No state employee shall be eligible to receive any benefits from the long-term disability
3 program unless the state employee has used all of the sick leave of the employee. The
4 ~~Board~~ Office shall promulgate such rules as are necessary for adoption and
5 administration of the Disability Insurance Program, including but not limited to benefit
6 eligibility requirements, methods for computing benefit amounts, benefits amounts, and
7 verification of medical and health status of employees applying for or receiving benefits.

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

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

12 D. The ~~Board~~ Office shall establish a grievance procedure by which a three-member
13 grievance panel established in the same manner as specified in paragraph ~~6~~ 4 of Section
14 1306 of this title shall act as an appeals body for complaints regarding the allowance and
15 payment of claims, eligibility, and other matters. The grievance procedure provided by
16 this subsection shall be the exclusive remedy available to persons having complaints
17 against the insurer. Such grievance procedure shall be subject to the Oklahoma
18 Administrative Procedures Act, including provisions for the review of agency decisions by
19 the district court. The grievance panel shall schedule a hearing regarding the allowance
20 and payment of claims, eligibility and other matters within sixty (60) days from the date
21 the grievance panel receives a written request for a hearing. Upon written request to the
22 grievance panel received not less than ten (10) days before the hearing date, the

1 grievance panel shall cause a full stenographic record of the proceedings to be made by a
2 licensed or certified court reporter at the insured employee's expense.

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

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

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

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

20 C. On or before March 1 of each year, the ~~State and Education Employees Group~~
21 Insurance Board Office shall submit a report of the actuarially-determined future needs

1 of the Disability Insurance Program. Said report shall be submitted and distributed as
2 provided for in subsection B of this section.

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

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

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

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

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

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

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

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

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

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

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

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

- 1 3. To provide ~~state~~ public employees and their dependents with basic group health
2 insurance, basic group term life insurance, and basic long-term disability insurance;
- 3 4. To provide ~~state~~ public employees and their dependents with optional employee
4 benefits, to include, but not be limited to, enhanced health insurance coverage, health
5 maintenance organization services, life insurance, dental insurance and enhanced long-
6 term disability insurance;
- 7 5. To provide ~~state~~ public employees with reimbursement for qualifying dependent
8 care expenses for which a dependent care tax credit is not taken, reimbursement for
9 qualifying health care expenses not reimbursed by any other insurance plan or taken as
10 a tax deduction, additional benefits which are currently taxable, additional benefits
11 which are not currently taxable, and cash compensation;
- 12 6. To provide ~~state~~ public employees with tax sheltered income deferment plans;
- 13 7. To provide uniform benefit options for all ~~state~~ public employees regardless of
14 their place of residence within this state;
- 15 8. To manage the provision of health care benefits in a manner that allows for the
16 long term control of costs;
- 17 9. To provide for the coordination and design, in accordance with applicable law, of
18 all employee benefits ~~offered to state employees~~ so as to increase the efficient delivery
19 and effectiveness of those benefits;
- 20 10. To enable the state to attract and retain qualified employees by providing
21 employee benefits which are competitive with those provided private industry;

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

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

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

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

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

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

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

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

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

21 4. "Benefit plan" means the specific terms and conditions regarding a benefit which
22 may be purchased under the plan, including the terms and conditions of any separate

1 plan document, group insurance policy or administrative services contract entered into
2 by the Council;

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

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

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

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

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

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

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

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

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

3 14. “Office” means the State Benefits and Wellness Office;

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

13 ~~15.~~ 16. “Participating employer” means any state agency, board, commission,
14 department, institution, authority, officer, bureau, council, office or other entity created
15 by the Oklahoma Constitution or statute that is a participating employer of the
16 Oklahoma Law Enforcement Retirement System, the Oklahoma Public Employees
17 Retirement System or the Uniform Retirement System for Justices and Judges, but shall
18 not include any county, county hospital, city or town, conservation district, any private or
19 public trust in which a county, city or town participates and is the primary beneficiary,
20 ~~any school district or technology center school district,~~ or political subdivision of the
21 state, but shall include the State Department of Education, the Oklahoma Department of
22 Wildlife Conservation, the Oklahoma Employment Security Commission, the Teachers'

1 Retirement System of Oklahoma and the Oklahoma Department of Career and
2 Technology Education. Provided the term “participating employer” shall also mean the
3 State Regents for Higher Education or any institution under the authority of the State
4 Regents for Higher Education upon agreement between the State Regents for Higher
5 Education or the appropriate governing board of an institution under the authority of the
6 State Regents for Higher Education and the Council;

7 ~~16.~~ 17. “Pay conversion dollars” means amounts by which a participant elects to
8 reduce his compensation to purchase benefits under the plan;

9 ~~17.~~ 18. “Plan” means the flexible benefits plan authorized pursuant to the State
10 Employees Flexible Benefits Act as modified by the provisions of this act;

11 ~~18.~~ 19. “Plan year” means ~~for the plan year beginning July 1, 2001, the six-month~~
12 ~~period commencing on July 1 and ending on the following December 31. The next plan~~
13 ~~year shall begin January 1, 2002. It shall mean~~ the twelve-month period commencing on
14 January 1 and ending on the following December 31;

15 ~~19.~~ 20. “Public employee” means a state or education employee;

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

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

1 ~~20. 22.~~ “Termination” means the termination of a participant's employment as an
2 employee of a participating employer, whether by reasons of discharge, voluntary
3 termination, retirement, death or reduction-in-force.

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

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

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

- 10 1. The Administrator of the Office of Personnel Management;
- 11 2. Two members appointed by the Governor;
- 12 3. One member appointed by the President Pro Tempore of the Senate; and
- 13 4. One member appointed by the Speaker of the House of Representatives.

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

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

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

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

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

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

16 I. Special meetings may be called upon written notice by the chair or by agreement
17 of any three members of the ~~Council~~ Office. Notice of a special meeting shall be delivered
18 to all members in person or by registered or certified United States mail not less than
19 seven (7) days prior to the date fixed for the meeting; provided, however, that notice of
20 such meeting may be waived by any member either before or after such meeting and
21 attendance at such meeting shall constitute a waiver of notice of such meeting, unless a

1 member participates therein solely to object to the transaction of any business because
2 the meeting has not been legally called or convened.

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

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

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

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

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

19 A. There is hereby created a joint committee of the State Legislature, to be called
20 the Joint Liaison Committee on State Benefits. The Joint Committee shall consist of
21 three members of the Senate to be appointed by the President Pro Tempore of the Senate
22 and three members of the House of Representatives to be appointed by the Speaker of the

1 House of Representatives. The Chair and Vice Chair of the Joint Committee shall be
2 appointed from the membership of the Joint Committee by the President Pro Tempore of
3 the Senate and the Speaker of the House of Representatives, respectively, one of whom
4 shall be a member of the Senate and the other shall be a member of the House of
5 Representatives. At the beginning of the first regular session of each Legislature,
6 starting in 2011, the Chair shall be from the Senate. Thereafter the chair position shall
7 alternate every two (2) years between the Senate and the House of Representatives.

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

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

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

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

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

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

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

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

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

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

19 b. the Board or vendors shall provide timely notice of any marketing,
20 communications, or distribution plans to the ~~Council~~ Office and shall
21 coordinate the scheduling of any group presentations with the Council,
22 and

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

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

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

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

11 9. To appoint an executive director who shall serve at the pleasure of the ~~Council~~
12 Office. The executive director shall employ or retain such persons in accordance with the
13 Oklahoma State Employees Benefits Act and the requirements of other applicable law,
14 including but not limited to actuaries and certified public accountants, as ~~he or she~~ the
15 director deems appropriate to perform such duties as may from time to time be required
16 under the Oklahoma State Employees Benefits Act and to render advice upon request
17 with regard to any matters arising under the plan subject to the approval of the ~~Council~~
18 Office. The executive director shall have not less than seven (7) years of group insurance
19 administration experience on a senior managerial level or not less than three (3) years of
20 flexible benefits experience on a senior managerial level. Any actuary or certified public
21 accountant employed or retained under contract by the ~~Council~~ Office shall have not less
22 than three (3) years' experience in group insurance or employee benefits administration.

1 The compensation of all persons employed or retained by the ~~Council~~ Office and all other
2 expenses of the ~~Council~~ Office shall be paid at such rates and in such amounts as the
3 ~~Council~~ Office shall approve, subject to the provisions of applicable law;

4 10. To negotiate for best and final offer through competitive negotiation and
5 contract with a federally qualified health maintenance ~~organizations~~ organization under
6 the provisions of 42 U.S.C., Section 300e et seq., or with Health Maintenance
7 Organizations granted a certificate of authority by the Insurance Commissioner
8 pursuant to Sections 6901 through 6951 of Title 36 of the Oklahoma Statutes for
9 consideration by participants as an alternative to the preferred provider health ~~plans~~
10 plan offered by the Board, ~~and or another insurance provider.~~ The Office shall transfer
11 to the health maintenance ~~organizations~~ organization such funds as may be approved for
12 a participant electing health maintenance organization alternative services. The Office
13 shall negotiate for best and final offer through competitive negotiation for a preferred
14 provider health plan with the Board and other insurance providers. The Council may
15 also select and contract with a vendor to offer a point-of-service plan. An HMO may offer
16 coverage through a point-of-service plan, subject to the guidelines established by the
17 Council. However, if the Council chooses to offer a point-of-service plan, then a vendor
18 that offers both an HMO plan and a point-of-service plan may choose to offer only its
19 point-of-service plan in lieu of offering its HMO plan.

20 The Oklahoma State ~~Employees Benefits Council~~ and Wellness Office may,
21 however, renegotiate rates with successful bidders after contracts have been awarded if
22 there is an extraordinary circumstance. An extraordinary circumstance shall be limited

1 to insolvency of a ~~participating~~ the health maintenance organization or point-of-service
2 plan, dissolution of a ~~participating~~ the health maintenance organization or point-of-
3 service plan or withdrawal of ~~another participating~~ the health maintenance organization
4 or point-of-service plan at any time during the calendar year. Nothing in this section of
5 law shall be construed to permit either party to unilaterally alter the terms of the
6 contract;

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

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

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

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

1 provided shall include the current Health Plan Employer Data and Information Set
2 (HEDIS);

3 14. To purchase any insurance deemed necessary for providing benefits under the
4 plan including indemnity dental plans, ~~provided that the only indemnity health plan~~
5 ~~selected by the Council shall be the indemnity plan offered by the Board, and to transfer~~
6 ~~to the Board such funds as may be approved for a participant electing a benefit plan~~
7 ~~offered by the Board.~~ All indemnity dental plans, including the one offered by the
8 ~~Oklahoma State and Education Group~~ HealthChoice Health Insurance Board, must meet
9 or exceed the following requirements:

- 10 a. they shall have a statewide provider network,
- 11 b. they shall provide benefits which shall reimburse the expense for the
12 following types of dental procedures:
- 13 (1) diagnostic,
 - 14 (2) preventative,
 - 15 (3) restorative,
 - 16 (4) endodontic,
 - 17 (5) periodontic,
 - 18 (6) prosthodontics,
 - 19 (7) oral surgery,
 - 20 (8) dental implants,
 - 21 (9) dental prosthetics, and
 - 22 (10) orthodontics, and

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

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

7 16. To assess and collect reasonable fees from the Board, any insurance provider
8 contracting with the Office for a preferred provider plan, and from ~~such~~ the contracted
9 health maintenance ~~organizations~~ organization and third party insurance vendors to
10 offset the costs of administration as determined by the ~~Council~~. ~~The Council shall have~~
11 ~~the authority to transfer income received pursuant to this subsection to the Board for~~
12 ~~services provided by the Board Office~~;

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

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

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

19 20. To manage, license or sell software developed for and acquired by the ~~Council~~
20 Office, whether or not such software is patented or copyrighted. ~~The Council Office~~ shall
21 have the authority to license and sell such software or any rights to such software
22 without declaring such property to be surplus. All proceeds from any such sale shall be

1 deposited in the Benefits Council Administration Revolving Fund and used to defray the
2 costs of administration.

3 B. The ~~Council~~ Office members shall discharge their duties as fiduciaries with
4 respect to the participants and their dependents of the plan, and all fiduciaries shall be
5 subject to the following definitions and provisions:

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

- 8 a. exercises any discretionary authority or discretionary control
9 respecting administration or management of the ~~Council~~ Office,
- 10 b. exercises any authority or control respecting disposition of the assets of
11 the ~~Council~~ Office,
- 12 c. renders advice for a fee or other compensation, direct or indirect, with
13 respect to any participant or dependent benefits, monies or other
14 property of the ~~Council~~ Office, or has any authority or responsibility to
15 do so, or
- 16 d. has any discretionary authority or discretionary responsibility in the
17 administration of the ~~Council~~ Office;

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

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

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

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

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

- 16 a. by his or her failure to properly administer his or her specific
17 responsibility he or she enabled such other person or organization to
18 commit a breach of fiduciary responsibility, or
19 b. he or she knowingly participates in, or knowingly undertakes to
20 conceal, an act or omission of another person or organization, knowing
21 such act or omission to be a breach, or

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

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

6 Section 1366. A. The Oklahoma State ~~Employees Benefits Council~~ and Wellness
7 Office shall establish a flexible benefits plan in accordance with the provisions of Section
8 1361 et seq. of this title. All participating employers shall offer the plan to their eligible
9 employees.

10 B. The ~~Council~~ Office shall interpret the plan and decide any matters arising
11 thereunder and may adopt such rules and procedures as it deems necessary, desirable or
12 appropriate in the administration of the plan subject to the Administrative Procedures
13 Act. All rules and decisions of the ~~Council~~ Office shall be uniformly and consistently
14 applied to all participants in similar circumstances and shall be conclusive and binding
15 on all persons having an interest in the plan. When making any decision or
16 determination, the ~~Council~~ Office shall be entitled to rely upon such information as may
17 be furnished to it by a participant, a participating employer, legal counsel, third party
18 administrator or the management of any individual benefit plan which is incorporated in
19 the plan.

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

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

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

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

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

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

- 1 3. Dependent care;
- 2 4. Medical care, as defined by the ~~Council~~ Office; and
- 3 5. All other eligible benefit programs offered under 26 United States Code Section
- 4 125.

5 E. The amount by which an employee's salary is adjusted pursuant to a salary

6 adjustment agreement shall be excluded from income in computation of income tax

7 withholding, federal insurance contributions act taxes, unemployment payments and

8 workers' compensation coverage. Such amount shall be included as income in

9 computation of state retirement contributions and benefits. Provided, if the inclusions

10 and exclusions provided in this subsection conflict with the provisions of federal law or

11 regulations pertaining to flexible benefits plans, the ~~Council~~ Office is authorized to

12 modify or abolish such inclusions and exclusions.

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

14 2. The executive director shall be the appointing authority and agency head. All

15 other positions and employees shall be classified and subject to the provisions of the

16 Merit System of Personnel Administration except actuaries and other personnel and

17 positions in the unclassified service as provided in Section 840-5.5 of this title.

18 SECTION 38. AMENDATORY Section 10, Chapter 439, O.S.L. 2002 (74 O.S.

19 Supp. 2009, Section 1366.1), is amended to read as follows:

20 Section 1366.1 Notwithstanding any other provision of law to the contrary, for

21 contracts relating to the plan year beginning January 1, 2003, and for each plan year

1 thereafter, the Oklahoma State ~~Employees Benefits Council and the State and Education~~
2 ~~Employees Group Insurance Board~~ Wellness Office shall:

- 3 a. develop geographic service areas and list the zip codes contained in
4 such service areas. ~~Each~~ The participating health maintenance
5 organization shall not be required to offer enrollment in every service
6 area as a condition to participation in the State Account,
- 7 b. not require the participating health maintenance ~~organizations~~
8 organization to offer a Medicare supplement plan. However, if the
9 participating health maintenance organization offers a Medicare
10 supplement plan to other entities within this state then it shall be
11 required to offer a Medicare supplement plan,
- 12 c. require the participating health maintenance ~~organizations~~
13 organization to meet the standardized benefit plan as required by the
14 Oklahoma State ~~Employees Benefits Council and~~ Wellness Office.
15 However, participating health maintenance organizations may offer
16 enhancements in an effort to make their plans more attractive and
17 competitive, and
- 18 d. ensure that all premiums are paid to the participating health
19 maintenance ~~organizations~~ organization within sixty (60) calendar
20 days from receipt of the bill.

21 SECTION 39. AMENDATORY 74 O.S. 2001, Section 1369, is amended to read

22 as follows:

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

1 Section 1369. A. A state public employee shall be eligible to participate in the plan
2 ~~commencing July 1 of the plan year beginning July 1, 2001, and commencing January 1~~
3 ~~for any plan year beginning after January 1, 2002~~, provided such employee qualifies as a
4 participant as provided in this act.

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

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

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

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

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

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

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

13 1. ~~The greater of Two Hundred Sixty-two Dollars and nineteen cents (\$262.19) per~~
14 ~~month or an amount equal to the sum of the average monthly premiums of all high~~
15 ~~option~~ the preferred provider health insurance plans plan offered to participants,
16 ~~excluding the point-of-service plans, the average monthly premiums~~ premium of the
17 dental ~~plans~~ plan offered to participants, the monthly premium of the disability plan,
18 and the monthly premium of the basic life insurance plan offered to state public
19 employees or the amount determined by the ~~Council~~ Office based on a formula for
20 determining a participant's benefit credits consistent with the requirements of 26 U.S.C.,
21 Section 125(g)(2) and regulations thereunder; or

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

- 9 a. for a spouse, seventy-five percent (75%) of the ~~average price of all high~~
10 ~~option~~ the preferred provider health benefit plans, ~~excluding the point-~~
11 ~~of-service plans,~~ plan available for coverage of a spouse,
12 b. for one child, seventy-five percent (75%) of the ~~average price of all high~~
13 ~~option~~ the preferred provider health benefit plans plan available,
14 ~~excluding the point-of-service plans,~~ for coverage of one child,
15 c. for two or more children, seventy-five percent (75%) of the ~~average~~
16 ~~price of all high option~~ the preferred provider health benefit plans plan
17 ~~available, excluding the point-of-service plans,~~ for coverage of two or
18 more children,
19 d. for a spouse and one child, seventy-five percent (75%) of the ~~average~~
20 ~~price of all high option~~ the preferred provider health benefit plans plan
21 ~~available, excluding the point-of-service plans,~~ for coverage of a spouse
22 and one child, or

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

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

7 E. This section shall not prohibit payments for supplemental health insurance
8 coverage made pursuant to Section 1314.4 of this title or payments for the cost of
9 providing health insurance coverage for dependents of employees of the Grand River
10 Dam Authority.

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

20 ~~F. G.~~ If a participant elects benefits whose sum total of benefit prices is less than
21 ~~his or her~~ the flexible benefit allowance credited to the participant, ~~he or she shall~~
22 ~~receive any excess flexible benefit allowance as taxable compensation~~ shall be

1 transferred to a flexible spending account established for the participant. ~~Such taxable~~
2 ~~compensation will be paid in substantially equal amounts each pay period over the plan~~
3 ~~year. On termination during a plan year, a~~ Δ ~~participant shall have no right to receive~~
4 ~~any such taxable cash compensation allocated to~~ have the excess flexible benefit
5 allowance deposited in a flexible spending account for the portion of the plan year after
6 the participant's termination. Nothing herein shall affect ~~a participant's~~ the obligation of
7 a state employee participant to elect the minimum benefits or to accept the default
8 benefits of the plan with corresponding reduction in the sum of ~~his or her~~ the flexible
9 benefit allowance equal to the sum total benefit price of ~~such~~ the minimum benefits or
10 default benefits.

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

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

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

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

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

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

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

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

18 E. Each employee of a participating employer who meets the eligibility
19 requirements for participation in the flexible benefits plan shall make an annual election
20 of benefits under the plan during an enrollment period to be held prior to the beginning
21 of each plan year. The enrollment period dates will be determined annually and will be

1 announced by the ~~Council~~ Office, providing the enrollment period shall end no later than
2 thirty (30) days before the beginning of the plan year.

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

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

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

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

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

10 a. ~~that primary care physician was part of a provider group that was~~
11 ~~offered to the individual at enrollment and later removed from the~~
12 ~~network of the health maintenance organization, for reasons other~~
13 ~~than for cause, and~~

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

16 ~~2. The primary care physician selected by the individual shall be required to accept~~
17 ~~reimbursement for such health care services on a fee-for-service basis only. The fee-for-~~
18 ~~service shall be computed by the health maintenance organization based on the average~~
19 ~~of the other fee-for-service contracts of the health maintenance organization in the local~~
20 ~~community. The individual shall only be required to pay the primary care physician~~
21 ~~those co-payments, coinsurance and any applicable deductibles in accordance with the~~

1 terms of the agreement between the employer and the health maintenance organization
2 and the provider shall not balance bill the patient.

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

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

12 Section 1372. The Oklahoma State ~~Employees Benefits Council~~ and Wellness Office
13 shall be responsible for making all determinations as to the rights of any participant or
14 any beneficiary of a participant to receive amounts under the flexible spending account
15 benefits plan. The ~~Council~~ Office shall prescribe forms and procedures for making claims
16 for flexible spending account benefits under the plan. Each person making a claim for
17 benefits under the flexible spending account benefits plan shall also furnish the ~~Council~~
18 Office with such documents, evidence, data or information in support of such claim as the
19 ~~Council~~ Office considers necessary or desirable. If any claim for the flexible spending
20 account benefits plan is wholly or partially denied, the claimant shall be given notice in
21 writing of such denial within a reasonable period of time, but no later than forty-five (45)
22 days after the claim is filed. A claimant whose claim is denied shall have the right to a

1 hearing before the ~~Council's~~ Office's executive director or hearing officer designated by
2 the executive director. Written notification by a claimant for a hearing must be received
3 by the executive director within ten (10) business days of notification of claim denial.
4 The hearing shall be conducted within thirty (30) days in accordance with the provisions
5 of the Administrative Procedures Act. The ~~Council~~ Office shall promulgate
6 administrative rules establishing policies and procedures specific to the notice of denial,
7 request for explanation, and hearing for flexible spending account benefit claims denial.

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

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

19 1. Has in place a statewide network of at least one hundred fifty providers.

20 "Providers", for purposes of this section, means Optometrists (OD), Ophthalmologists
21 (MD), and Ophthalmologists (DO) which shall be counted once regardless of the number
22 of locations where they may practice. Optical shops and retail optical locations shall not

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

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

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

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

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

18 Any administrative fees imposed by the Oklahoma State ~~Employees Benefits~~
19 ~~Council or the State and Education Employees Group Insurance Board~~ and Wellness
20 Office shall be applied equally to all qualified vision plans. There shall be no additional
21 requirements imposed on a vision plan other than the proper licensing or certification by
22 the appropriate state agency.

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

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

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

12 Section 1382. A. There is hereby created within the Oklahoma State ~~Employee~~
13 ~~Benefits Council and Wellness Office~~, the Wellness Council, to continue until July 1,
14 2012, in accordance with the provisions of the Oklahoma Sunset Law.

15 B. The Wellness Council shall be composed of one representative from every state
16 agency which has designated a person to serve on the Council as the wellness coordinator
17 for their respective state agency, one representative of education employees, and one
18 representative of the Oklahoma Governor's Council on Physical Fitness and Sports.

19 C. Each state agency with two hundred (200) or more full-time-equivalent
20 employees shall appoint a wellness coordinator. All wellness coordinators shall be
21 appointed by October 1, 1994. Each wellness coordinator shall be appointed for a term of

1 two (2) years. If a wellness coordinator can no longer serve for any reason the appointing
2 agency shall fill the vacancy for the unexpired term.

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

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

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

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

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

19 Section 1383. A. The Wellness Council shall coordinate and develop wellness
20 programs in state government and for school districts in the state. The Council shall
21 work to encourage participation in wellness programs by state and education employees.
22 The Wellness Council may provide programs to state agencies and school districts for

1 quarterly health and safety training as required by the Department of Labor according to
2 the provisions of Section 403 of Title 40 of the Oklahoma Statutes. In addition the
3 Council shall establish methods and a plan of action for receiving money through grants
4 from federal and private funds to implement wellness programs in this state.

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

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

14 SECTION 48. REPEALER Section 6, Chapter 319, O.S.L. 2003 (74 O.S. Supp.
15 2009, Section 1306.6), is hereby repealed.

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

17 SECTION 50. REPEALER 74 O.S. 2001, Section 1308, as amended by Section
18 3, Chapter 345, O.S.L. 2004 (74 O.S. Supp. 2009, Section 1308), is hereby repealed.

19 SECTION 51. REPEALER 74 O.S. 2001, Sections 1341, 1342, 1343, 1344, as
20 last amended by Section 6, Chapter 231, O.S.L. 2006, Section 2, Chapter 215, O.S.L.
21 2005, as amended by Section 7, Chapter 231, O.S.L. 2006, 1346, 1347 and 1348 (74 O.S.
22 Supp. 2009, Sections 1344 and 1344.1) are hereby repealed.

1 SECTION 52. This act shall become effective November 1, 2010.
2 COMMITTEE REPORT BY: COMMITTEE ON GOVERNMENT MODERNIZATION,
3 dated 02-23-10 - DO PASS, As Amended and Coauthored.