

ESB 2052

THE HOUSE OF REPRESENTATIVES  
Wednesday, March 31, 2010

ENGROSSED  
Senate Bill No. 2052  
As Amended

ENGROSSED SENATE BILL NO. 2052 - By: COFFEE AND JOHNSON (CONSTANCE)  
of the Senate and BENGE of the House.

[ state government - State and Education Employees Group Insurance Board -  
effective date -  
emergency ]

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

1 SECTION 1. AMENDATORY 74 O.S. 2001, Section 1304, as last amended by  
2 Section 2, Chapter 231, O.S.L. 2006 (74 O.S. Supp. 2009, Section 1304), is amended to  
3 read as follows:  
4 Section 1304. (1) There is hereby created the State and Education Employees  
5 Group Insurance Board which shall consist of eight (8) members as follows: The State  
6 Insurance Commissioner, or the Commissioner's designee who shall be an employee of  
7 the Insurance Department, the Director of the Office of State Finance, two members  
8 appointed by the Governor, two members appointed by the Speaker of the House of  
9 Representatives, and two members appointed by the President Pro Tempore of the  
10 Senate. The appointed members shall each receive compensation of Five Hundred  
11 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) The initial term of office of the members appointed by the Governor shall expire  
9 on January 14, 1991. The members thereafter appointed by the Governor shall serve a  
10 term of office of four (4) years which is coterminous with the term of office of the office of  
11 the appointing authority.

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

19 (4) The appointed members shall:

20 (a) 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 licensed to practice law in this state and have demonstrated professional  
2 experience in commercial matters; or

3 (c) be licensed by the Oklahoma Accountancy Board to practice in this state as a  
4 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) and (c) of this subsection by the combined appointing authorities.

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

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

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

21 (8) The Court Administrator shall designate grievance panel members as shall be  
22 necessary. The members of the grievance panel shall consist of two attorneys licensed to

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

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

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

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

16 (12) The Board shall adopt rules requiring payment for medical and dental services  
17 and treatment rendered by duly licensed hospitals, physicians and dentists. Unless the  
18 Board has otherwise contracted with the out-of-state health care provider, the Board  
19 shall reimburse for medical services and treatment rendered and charged by an out-of-  
20 state health care provider at least at the same percentage level as the network  
21 percentage level of the fee schedule established by the State and Education Employees  
22 Group Insurance Board if the insured employee was referred to the out-of-state health

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

1 care provider by a physician or it was an emergency situation and the out-of-state  
2 provider was the closest in proximity to the place of residence of the employee which  
3 offers the type of health care services needed. For purposes of this paragraph, health  
4 care providers shall include, but not be limited to, physicians, dentists, hospitals and  
5 special care facilities.

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

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

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

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

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

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

1           SECTION 3. It being immediately necessary for the preservation of the public  
2 peace, health and safety, an emergency is hereby declared to exist, by reason whereof  
3 this act shall take effect and be in full force from and after its passage and approval.  
4 COMMITTEE REPORT BY: COMMITTEE ON GOVERNMENT MODERNIZATION,  
5 dated 03-30-10 - DO PASS, As Amended.