

CS for SB 2052

1 THE STATE SENATE
2 Monday, February 22, 2010

3 Committee Substitute for
4 Senate Bill No. 2052

5 COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 2052 - By: Coffee of the
6 Senate and Bengtson of the House.

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

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

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

14 Section 1304. (1) There is hereby created the State and
15 Education Employees Group Insurance Board which shall consist of
16 eight (8) members as follows: The State Insurance Commissioner, or
17 the Commissioner's designee who shall be an employee of the
18 Insurance Department, the Director of the Office of State Finance,
19 two members appointed by the Governor, two members appointed by the
20 Speaker of the House of Representatives, and two members appointed
21 by the President Pro Tempore of the Senate. The appointed members
22 shall each receive compensation of Five Hundred Dollars (\$500.00)
23 per month. Appointed members who fail to attend a regularly
24 scheduled monthly meeting of the Board shall not receive the related
25 monthly compensation. In the event an appointed member does not

1 attend at least seventy-five percent (75%) of the regularly
2 scheduled monthly meetings of the Board during a calendar year, the
3 appointing authority may remove the member. A member may also be
4 removed for any other cause as provided by law. A vacancy in the
5 office of the appointed member shall be filled for the unexpired
6 term of office in the same manner as the original appointment.

7 (2) The initial term of office of the members appointed by the
8 Governor shall expire on January 14, 1991. The members thereafter
9 appointed by the Governor shall serve a term of office of four (4)
10 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
13 each by the Speaker of the House of Representatives and by the
14 President Pro Tempore of the Senate shall be for the period ending
15 June 30, 1992. The initial term of office of the other member
16 appointed each by the Speaker of the House of Representatives and by
17 the President Pro Tempore of the Senate shall be for the period
18 ending June 30, 1994. Thereafter, the term of office of the members
19 appointed by the Speaker of the House of Representatives and by the
20 President Pro Tempore of the Senate shall be four (4) years.

21 (4) The appointed members shall:

22 (a) have demonstrated professional experience in investment or
23 funds management, public funds management, public or private group

1 health or pension fund management, or group health insurance
2 management; or

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

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

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

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

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

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

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

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

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

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

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

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

22 (13) The Board may contract with a pay-for-performance program
23 provider. The contract shall be with a group practice of a medical

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

21 (14) The State and Education Employees Group Insurance Board
22 may enter into a contract with out-of-state providers in connection
23 with any PPO or hospital or medical network plan which shall

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

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

1 provider prescribes information therapy to the patient that includes
2 an explanation of the provider's adherence or reason for non-
3 adherence to the guideline. The program shall offer a financial
4 reward to the patient for responding to the information therapy
5 prescription by demonstrating the patient's understanding of the
6 patient's health condition, by declaring or demonstrating adherence
7 to recommended care, by agreeing to allow the patient's physician to
8 view patient's responses and acknowledge the patient's health
9 accomplishments, and by judging the quality of care given to the
10 patient against these guidelines and recommended care.

11 Participation in the program shall be voluntary to both the provider
12 and patient on an encounter-by-encounter basis. The program shall
13 be offered and administered by the program vendor through an
14 Internet application. This pilot project shall include enough
15 beneficiaries of the Board to achieve a statistical significance and
16 collect and analyze data over a period of two (2) years in order to
17 determine the program's effectiveness. If it is determined that the
18 program is effective, the Board shall continue the contract with
19 such vendor by making the program available to all Board
20 beneficiaries.

21 (16) The Administrator shall appoint an advisory committee to
22 the State and Education Employees Group Insurance Board. The
23 advisory committee shall consist of seven (7) members. Of the

1 members appointed to the advisory committee, at least one member
2 must be an active state employee, at least one member must be a
3 retired state employee, at least one member must be an active
4 education employee, at least one member must be a retired education
5 employee, and at least one member must be either an active county
6 employee or a retired county employee.

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

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

12 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT & INSURANCE, dated
13 2-18-10 - DO PASS, As Amended and Coauthored.