

STATE OF OKLAHOMA

2nd Session of the 52nd Legislature (2010)

HOUSE BILL 2647

By: Jordan

AS INTRODUCED

An Act relating to retiree health care insurance; amending 74 O.S. 2001, Sections 1316.2, as last amended by Section 2, Chapter 198, O.S.L. 2005 and 1316.3, as last amended by Section 3, Chapter 198, O.S.L. 2005 (74 O.S. Supp. 2009, Sections 1316.2 and 1316.3), which relate to payments to certain retirees of the Teachers' Retirement System of Oklahoma and the Oklahoma Public Employees Retirement System; authorizing suspension of insurance coverage; prescribing procedures related to acquisition of other health care insurance; authorizing reacquisition of insurance coverage and prescribing procedures related thereto; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 74 O.S. 2001, Section 1316.2, as last amended by Section 2, Chapter 198, O.S.L. 2005 (74 O.S. Supp. 2009, Section 1316.2), is amended to read as follows:

Section 1316.2 A. Any employee other than an education employee who retires pursuant to the provisions of the Oklahoma Public Employees Retirement System or who has a vested benefit pursuant to the provisions of the Oklahoma Public Employees

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

1 coverage as a nonvested employee as provided in this section, but
2 who, immediately prior to employment with the participating employer
3 was covered as a dependent on the health and dental insurance policy
4 of a spouse who was an active employee other than an education
5 employee, may count as part of his or her credited service for the
6 purpose of determining eligibility to elect to continue coverage
7 under this section, the time during which said terminating employee
8 was covered as such a dependent. A retiree may file an election to
9 cease coverage under the State and Education Employees Group
10 Insurance plan pursuant to the provisions of this section if the
11 member provides proof, upon such form as may be prescribed for such
12 purpose by the Board, that the member has or will have, as of the
13 date that coverage under the state plan ceases, health insurance
14 coverage with a different insurer. A member may reacquire insurance
15 coverage after having filed an election to end coverage pursuant to
16 this subsection by filing an election with the Board. Such election
17 shall be filed either thirty (30) days in advance of the date as of
18 which the member anticipates that other health care insurance
19 coverage will end or not later than sixty (60) days after the date
20 that other health care insurance coverage has been terminated.

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

23 a. indemnity plans offered through the State and
24 Education Employees Group Insurance Board,

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

18 2. Health insurance benefit plans offered pursuant to this
19 section shall provide prescription drug benefits, except for plans
20 designed pursuant to the Medicare Prescription Drug Improvement and
21 Modernization Act of 2003, for which provision of prescription drug
22 benefits is optional, and except for plans offered pursuant to
23 subparagraph e of paragraph 1 of this subsection.
24

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

- 5 a. a retired employee other than an education employee
6 who is receiving benefits from the Oklahoma Public
7 Employees Retirement System after September 30, 1988,
8 shall have One Hundred Five Dollars (\$105.00), or the
9 premium rate of the health insurance benefit plan,
10 whichever is less, paid by the Oklahoma Public
11 Employees Retirement System to the Board or other
12 insurance carrier of the employer if the employer does
13 not participate in the plans offered by the State and
14 Education Employees Group Insurance Board in the
15 manner specified in subsection G of this section,
- 16 b. a retired employee or surviving spouse other than an
17 education employee who is receiving benefits from the
18 Oklahoma Law Enforcement Retirement System after
19 September 30, 1988, is under sixty-five (65) years of
20 age and is not otherwise eligible for Medicare shall
21 have the premium rate for the health insurance benefit
22 plan or One Hundred Five Dollars (\$105.00), whichever
23 is less, paid by the Oklahoma Law Enforcement
24

1 Retirement System to the Board in the manner specified
2 in subsection G of this section,

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

13 d. a retired employee other than an education employee
14 who is receiving benefits from the Uniform Retirement
15 System for Justices and Judges after September 30,
16 1988, shall have One Hundred Five Dollars (\$105.00),
17 or the premium rate of the health insurance plan,
18 whichever is less, paid by the Uniform Retirement
19 System for Justices and Judges to the Board in the
20 manner specified in subsection G of this section.

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

23 a. the health plan shall be authorized by the provisions
24 of the State and Education Employees Group Insurance

1 Act, except that if an employer from which an employee
2 retired or with a vested benefit pursuant to the
3 provisions of the Oklahoma Public Employees Retirement
4 System does not participate in the plans authorized by
5 the provisions of the State and Education Employees
6 Group Insurance Act, the health plan will be the
7 health insurance benefits of the employer from which
8 the individual retired or vested,

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

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

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

22 D. For any member of the Oklahoma Law Enforcement Retirement
23 System killed in the line of duty, whether the member was killed in
24 the line of duty prior to the effective date of this act or on or

1 after the effective date of this act, or if the member was on a
2 disability leave status at the time of death, the surviving spouse
3 or dependents of such deceased member of the Oklahoma Law
4 Enforcement Retirement System may elect to continue or commence
5 health and dental insurance benefits provided said dependents pay
6 the full cost of such insurance and for deaths occurring on or after
7 July 1, 2002, such election is made within thirty (30) days of the
8 date of death. The eligibility for said benefits shall terminate
9 for the surviving children when said children cease to qualify as
10 dependents.

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

1 F. Dependents of a deceased employee who was on active work
2 status or on a disability leave at the time of death or of a
3 participating retardant or of any person who has elected to receive
4 a vested benefit under the Oklahoma Public Employees Retirement
5 System, the Uniform Retirement System for Justices and Judges or the
6 Oklahoma Law Enforcement Retirement System may continue the health
7 and dental insurance benefits in force provided said dependents pay
8 the full cost of such insurance and they were covered as eligible
9 dependents at the time of such death and such election is made
10 within thirty (30) days of date of death. The eligibility for said
11 benefits shall terminate for the surviving children when said
12 children cease to qualify as dependents.

13 G. The amounts required to be paid by the Oklahoma Public
14 Employees Retirement System, the Uniform Retirement System for
15 Justices and Judges and the Oklahoma Law Enforcement Retirement
16 System pursuant to this section shall be forwarded no later than the
17 tenth day of each month following the month for which payment is due
18 by the Oklahoma Public Employees Retirement System Board of Trustees
19 or the Oklahoma Law Enforcement Retirement Board to the State and
20 Education Employees Group Insurance Board for deposit in the Health,
21 Dental and Life Insurance Reserve Fund or to another insurance
22 carrier as provided for in subsection H of Section 1315 of this
23 title.

1 H. Upon retirement from employment of the Board of Regents of
2 the University of Oklahoma, any person who was or is employed at the
3 George Nigh Rehabilitation Institute and who transferred employment
4 pursuant to Section 3427 of Title 70 of the Oklahoma Statutes, any
5 person who was employed at the Medical Technology and Research
6 Authority and who transferred employment pursuant to Section 7068 of
7 this title, and any person who is a member of the Oklahoma Law
8 Enforcement Retirement System pursuant to the authority of Section
9 2-314 of Title 47 of the Oklahoma Statutes may participate in the
10 benefits authorized by the provisions of the State and Education
11 Employees Group Insurance Act for retired participants, including
12 health, dental and life insurance benefits, if such election to
13 participate is made within thirty (30) days from the date of
14 termination of service. Life insurance benefits for any such person
15 who transferred employment shall not exceed the coverage the person
16 had at the time of such transfer. Retirees who transferred
17 employment and who participate pursuant to this paragraph shall pay
18 the premium for elected benefits less any amounts paid by a state
19 retirement system pursuant to this section.

20 SECTION 2. AMENDATORY 74 O.S. 2001, Section 1316.3, as
21 last amended by Section 3, Chapter 198, O.S.L. 2005 (74 O.S. Supp.
22 2009, Section 1316.3), is amended to read as follows:

23 Section 1316.3 A. Any person who retires pursuant to the
24 provisions of the Teachers' Retirement System of Oklahoma with at

1 least ten (10) years of creditable service or who has a vested
2 benefit with at least ten (10) years of creditable service, pursuant
3 to the provisions of the Teachers' Retirement System of Oklahoma may
4 continue in force the health and dental insurance benefits
5 authorized by the provisions of the State and Education Employees
6 Group Insurance Act if such election to continue in force or begin
7 is made within thirty (30) days from the date of termination of
8 service. Except as provided in subsection E of Sections 5-117.5 and
9 14-108.1 of Title 70 of the Oklahoma Statutes and Section 840-2.27I
10 of this title and subsection K of this section, health and dental
11 insurance coverage may not be reinstated at a later time if the
12 election to continue in force or begin coverage is declined. Vested
13 persons who have terminated service and are not receiving benefits
14 and effective July 1, 1996, nonvested persons who have terminated
15 service with more than ten (10) years of participating service with
16 a qualifying employer, who within thirty (30) days from the date of
17 termination of service, elect to continue such coverage, shall pay
18 the full cost of said insurance premium at the rate and pursuant to
19 the terms and conditions established by the Board. A retiree may
20 file an election to cease coverage under the State and Education
21 Employees Group Insurance plan pursuant to the provisions of this
22 section if the member provides proof, upon such form as may be
23 prescribed for such purpose by the Board, that the member has or
24 will have, as of the date that coverage under the state plan ceases,

1 health insurance coverage with a different insurer. A member may
2 reacquire insurance coverage after having filed an election to end
3 coverage pursuant to this subsection by filing an election with the
4 Board. Such election shall be filed either thirty (30) days in
5 advance of the date as of which the member anticipates that other
6 health care insurance coverage will end or not later than sixty (60)
7 days after the date that other health care insurance coverage has
8 been terminated.

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

- 11 a. indemnity plans offered through the State and
12 Education Employees Group Insurance Board,
- 13 b. managed care plans offered as alternatives to the
14 indemnity plans,
- 15 c. Medicare supplements offered through the State and
16 Education Employees Group Insurance Board,
- 17 d. Medicare risk-sharing contracts offered as
18 alternatives to the Medicare supplements offered
19 through the State and Education Employees Group
20 Insurance Board, and
- 21 e. any other employer-provided health insurance benefit
22 plans if the employer does not participate in the
23 plans offered pursuant to the State and Education
24 Employees Group Insurance Act.

1 2. Health insurance benefit plans offered pursuant to this
2 section shall provide prescription drug benefits, except for plans
3 designed pursuant to the Medicare Prescription Drug Improvement and
4 Modernization Act of 2003, which may or may not contain prescription
5 drug benefits, for which provision of prescription drug benefits is
6 optional, and except for plans offered pursuant to subparagraph E of
7 paragraph 1 of this subsection.

8 C. A retired person who:

9 1. Is receiving benefits from the Teachers' Retirement System
10 of Oklahoma after September 30, 1988, is under sixty-five (65) years
11 of age and is not otherwise eligible for Medicare and pursuant to
12 subsection A of this section elects to begin or to continue the
13 health insurance plan;

14 2. Is receiving benefits from the Teachers' Retirement System
15 of Oklahoma after June 30, 1993, is under sixty-five (65) years of
16 age and is not otherwise eligible for Medicare and participates in a
17 health insurance plan provided by a participating education employer
18 of the Teachers' Retirement System of Oklahoma other than a health
19 insurance plan offered pursuant to the State and Education Employees
20 Group Insurance Act or an alternative health plan offered pursuant
21 to the Oklahoma State Employees Benefits Act;

22 3. Is receiving benefits from the Teachers' Retirement System
23 of Oklahoma after September 30, 1988, made contributions to the
24 system and is sixty-five (65) years of age or older, or who is under

1 sixty-five (65) years of age and is eligible for Medicare and is a
2 participant in the State and Education Employees Group Insurance Act
3 and elects coverage under the Medicare supplement offered by the
4 State and Education Employees Group Insurance Board; or

5 4. Is receiving benefits from the Teachers' Retirement System
6 of Oklahoma after June 30, 1993, made contributions to the system
7 and is sixty-five (65) years of age or older, or who is under sixty-
8 five (65) years of age and is eligible for Medicare and participates
9 in a health insurance plan provided by a participating education
10 employer of the Teachers' Retirement System of Oklahoma other than a
11 health insurance plan offered pursuant to the State and Education
12 Employees Group Insurance Act or an alternative health plan offered
13 pursuant to the Oklahoma State Employees Benefits Act and elects
14 coverage under the Medicare supplement offered by the State and
15 Education Employees Group Insurance Board,
16 shall have the amount determined pursuant to subsection E of this
17 section, or the premium rate of the health insurance benefit plan,
18 whichever is less, paid by the Teachers' Retirement System of
19 Oklahoma. If the amount paid by the Teachers' Retirement System of
20 Oklahoma does not cover the full cost of the health insurance
21 premium, the retired person shall pay the remaining amount if the
22 retired person wants to continue the coverage.

1 D. The Teachers' Retirement System shall pay the amount due
 2 pursuant to the provisions of subsection C of this section as
 3 follows:

4 1. For those individuals participating in plans provided
 5 through the State and Education Employees Group Insurance Act,
 6 payment shall be made to the Board pursuant to the provisions of
 7 subsection I of this section; or

8 2. For those individuals participating in plans provided
 9 through a participating education employer of the Teachers'
 10 Retirement System of Oklahoma other than a health insurance plan
 11 offered pursuant to the State and Education Employees Group
 12 Insurance Act, payment shall be made to the education employer.

13 E. Beginning July 1, 2000, the maximum benefit payable by the
 14 Teachers' Retirement System of Oklahoma on behalf of a retired
 15 person toward said person's monthly premium for health insurance
 16 shall be determined in accordance with the following schedule:

	LESS THAN	25 YEARS BUT	GREATER
	LESS THAN	GREATER THAN	THAN 24.99
AVERAGE SALARY	15 YEARS OF	14.99 YEARS OF	YEARS OF
USED FOR DETERMINING	CREDITABLE	CREDITABLE	CREDITABLE
RETIREMENT ALLOWANCE	SERVICE	SERVICE	SERVICE
Less than \$20,000.00	\$103.00	\$104.00	\$105.00

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1	Less than \$30,000.00 but			
2	greater than \$19,999.99	\$102.00	\$103.00	\$104.00
3	Less than \$40,000.00 but			
4	greater than \$29,999.99	\$101.00	\$102.00	\$103.00
5	\$40,000.00 or greater	\$100.00	\$101.00	\$102.00

6 For plans offered by the State and Education Employees Group
 7 Insurance Board, the amount paid pursuant to this subsection shall
 8 first be applied to the prescription drug coverage premium, if any.
 9 Any remaining amounts shall be applied towards the medical coverage
 10 premium.

11 F. If a person retires and begins to receive benefits from the
 12 Teachers' Retirement System of Oklahoma or terminates service and
 13 has a vested benefit with the Teachers' Retirement System of
 14 Oklahoma, the person may elect, in the manner provided in subsection
 15 A of this section, to participate in the dental insurance plan
 16 offered through the State and Education Employees Group Insurance
 17 Act. The person shall pay the full cost of the dental insurance.

18 G. Those persons who are receiving benefits from the Teachers'
 19 Retirement System of Oklahoma and have health insurance coverage
 20 which on the operative date of this section is being paid by the
 21 education entity from which the person retired shall make the
 22 election required in subsection A of this section within thirty (30)
 23 days of the termination of said health insurance coverage. The
 24 person making the election shall give the Board certified

1 documentation satisfactory to the Board of the termination date of
2 the other health insurance coverage.

3 H. Dependents of a deceased education employee who was on
4 active work status or on a disability leave at the time of death or
5 of a participating retirant or of any person who has elected to
6 receive a vested benefit under the Teachers' Retirement System of
7 Oklahoma may continue the health and dental insurance benefits in
8 force provided said dependents pay the full cost of such insurance
9 and they were covered as eligible dependents at the time of such
10 death and such election is made within thirty (30) days of date of
11 death. The eligibility for said benefits shall terminate for the
12 surviving children when said children cease to qualify as
13 dependents.

14 I. The amounts required to be paid by the Teachers' Retirement
15 System of Oklahoma pursuant to this section shall be forwarded no
16 later than the tenth day of each month following the month for which
17 payment is due by the Board of Trustees of the Teachers' Retirement
18 System of Oklahoma to the State and Education Employees Group
19 Insurance Board for deposit in the Education Employees Group
20 Insurance Reserve Fund.

21 J. The Teachers' Retirement System of Oklahoma shall provide
22 the State and Education Employees Group Insurance Board information
23 concerning the employers of retired and vested members necessary to
24

1 allow the State and Education Employees Group Insurance Board to
2 track eligibility for continued coverage.

3 K. Upon retirement from employment with the Board of Regents of
4 the University of Oklahoma, any person who is or was employed at the
5 George Nigh Rehabilitation Institute and who transferred employment
6 pursuant to Section 3427 of Title 70 of the Oklahoma Statutes, any
7 person who was employed at the Medical Technology and Research
8 Authority and who transferred employment pursuant to Section 7068 of
9 this title, and any person who is a member of the Oklahoma Law
10 Enforcement Retirement System pursuant to the authority of Section
11 2-314 of Title 47 of the Oklahoma Statutes may participate in the
12 benefits authorized by the provisions of the State and Education
13 Employees Group Insurance Act for retired participants, including
14 health, dental and life insurance benefits, if such election to
15 participate is made within thirty (30) days from the date of
16 termination of employment. Life insurance benefits for any such
17 person who transferred employment shall not exceed the coverage the
18 person had at the time of such transfer. Retirees who are persons
19 transferred employment and who participate pursuant to this
20 paragraph shall pay the premium for elected benefits less any
21 amounts paid by the retirement system pursuant to this section.

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

23 SECTION 4. It being immediately necessary for the preservation
24 of the public peace, health and safety, an emergency is hereby

1 declared to exist, by reason whereof this act shall take effect and
2 be in full force from and after its passage and approval.

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January 11, 2010

Representative F. Jordan
Room 300-B

Re: RBH No. 8935

RBH No. 8935 allows retirees from Oklahoma Public Employees Retirement System and Oklahoma Teachers Retirement System to opt out of coverage from Oklahoma State and Education Employees Group Insurance.

RBH No. 8935 is a nonfiscal retirement bill as defined by the Oklahoma Pension Legislation Actuarial Analysis Act.

Thomas E. Cummins

Thomas E. Cummins, MAAA