

1 STATE OF OKLAHOMA

2 1st Session of the 52nd Legislature (2009)

3 HOUSE BILL 1657

By: Dorman

4  
5  
6 AS INTRODUCED

7 An Act relating to the State and Education Employees  
8 Group Insurance Act; amending 74 O.S. 2001, Sections  
9 1316.2 and 1316.3, as last amended by Sections 2 and  
10 3, Chapter 198, O.S.L. 2005 (74 O.S. Supp. 2008,  
11 Sections 1316.2 and 1316.3), which relate to  
12 continuation of health and dental insurance benefits;  
13 providing extension of certain health and dental  
14 benefits to dependents of certain deceased employees;  
15 providing for termination of benefits upon occurrence  
16 of certain events; and providing an effective date.

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

18 SECTION 1. AMENDATORY 74 O.S. 2001, Section 1316.2, as  
19 last amended by Section 2, Chapter 198, O.S.L. 2005 (74 O.S. Supp.  
20 2008, Section 1316.2), is amended to read as follows:

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

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

1 was covered as a dependent on the health and dental insurance policy  
2 of a spouse who was an active employee other than an education  
3 employee, may count as part of his or her credited service for the  
4 purpose of determining eligibility to elect to continue coverage  
5 under this section, the time during which said terminating employee  
6 was covered as such a dependent.

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

- 9 a. indemnity plans offered through the State and  
10 Education Employees Group Insurance Board,
- 11 b. managed care plans offered as alternatives to the  
12 indemnity plans offered through the State and  
13 Education Employees Group Insurance Board,
- 14 c. Medicare supplements offered pursuant to the State and  
15 Education Employees Group Insurance Act,
- 16 d. Medicare risk-sharing contracts offered as  
17 alternatives to the Medicare supplements offered  
18 through the State and Education Employees Group  
19 Insurance Board. All Medicare risk-sharing contracts  
20 shall be subject to a risk adjustment factor, based on  
21 generally accepted actuarial principles for adverse  
22 selection which may occur, and
- 23 e. for the Oklahoma Public Employee Retirement System,  
24 other employer-provided health insurance benefit plans

1 if the employer does not participate in the plans  
2 offered pursuant to the State and Education Employees  
3 Group Insurance Act.

4 2. Health insurance benefit plans offered pursuant to this  
5 section shall provide prescription drug benefits, except for plans  
6 designed pursuant to the Medicare Prescription Drug Improvement and  
7 Modernization Act of 2003, for which provision of prescription drug  
8 benefits is optional, and except for plans offered pursuant to  
9 subparagraph e of paragraph 1 of this subsection.

10 C. 1. Designated public retirement systems shall contribute a  
11 monthly amount towards the health insurance premium of certain  
12 individuals receiving benefits from the public retirement system as  
13 follows:

14 a. a retired employee other than an education employee  
15 who is receiving benefits from the Oklahoma Public  
16 Employees Retirement System after September 30, 1988,  
17 shall have One Hundred Five Dollars (\$105.00), or the  
18 premium rate of the health insurance benefit plan,  
19 whichever is less, paid by the Oklahoma Public  
20 Employees Retirement System to the Board or other  
21 insurance carrier of the employer if the employer does  
22 not participate in the plans offered by the State and  
23 Education Employees Group Insurance Board in the  
24 manner specified in subsection G H of this section,

1           b.    a retired employee or surviving spouse other than an  
2                    education employee who is receiving benefits from the  
3                    Oklahoma Law Enforcement Retirement System after  
4                    September 30, 1988, is under sixty-five (65) years of  
5                    age and is not otherwise eligible for Medicare shall  
6                    have the premium rate for the health insurance benefit  
7                    plan or One Hundred Five Dollars (\$105.00), whichever  
8                    is less, paid by the Oklahoma Law Enforcement  
9                    Retirement System to the Board in the manner specified  
10                  in subsection G H of this section,

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

22           d.    a retired employee other than an education employee  
23                    who is receiving benefits from the Uniform Retirement  
24                    System for Justices and Judges after September 30,

1 1988, shall have One Hundred Five Dollars (\$105.00),  
2 or the premium rate of the health insurance plan,  
3 whichever is less, paid by the Uniform Retirement  
4 System for Justices and Judges to the Board in the  
5 manner specified in subsection G H of this section.

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

- 8 a. the health plan shall be authorized by the provisions  
9 of the State and Education Employees Group Insurance  
10 Act, except that if an employer from which an employee  
11 retired or with a vested benefit pursuant to the  
12 provisions of the Oklahoma Public Employees Retirement  
13 System does not participate in the plans authorized by  
14 the provisions of the State and Education Employees  
15 Group Insurance Act, the health plan will be the  
16 health insurance benefits of the employer from which  
17 the individual retired or vested,
- 18 b. for plans offered by the State and Education Employees  
19 Group Insurance Act, the amount to be paid shall be  
20 determined pursuant to the provisions of this  
21 subsection and shall first be applied in whole or in  
22 part to the prescription drug coverage premium. Any  
23 remaining amount shall be applied toward the medical  
24 coverage premium,

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

5 d. payment shall be made by the retirement systems in the  
6 manner specified under subsection G H of this section.

7 D. For any member of the Oklahoma Law Enforcement Retirement  
8 System killed in the line of duty, whether the member was killed in  
9 the line of duty prior to the effective date of this act or on or  
10 after the effective date of this act, or if the member was on a  
11 disability leave status at the time of death, the surviving spouse  
12 or dependents of such deceased member of the Oklahoma Law  
13 Enforcement Retirement System may elect to continue or commence  
14 health and dental insurance benefits provided said dependents pay  
15 the full cost of such insurance and for deaths occurring on or after  
16 July 1, 2002, such election is made within thirty (30) days of the  
17 date of death. The eligibility for said benefits shall terminate  
18 for the surviving children when said children cease to qualify as  
19 dependents.

20 E. Effective July 1, 2004, a retired member of the Oklahoma Law  
21 Enforcement Retirement System who retired from the System by means  
22 of a personal and traumatic injury of a catastrophic nature and in  
23 the line of duty and any surviving spouse of such retired member and  
24 any surviving spouse of a member who was killed in the line of duty

1 shall have one hundred percent (100%) of the retired member's or  
2 surviving spouse's health care premium cost, whether the member or  
3 surviving spouse elects coverage under the Medicare supplement or  
4 Medicare risk-sharing contract, paid by the Oklahoma Law Enforcement  
5 Retirement System to the Board in the manner specified in subsection  
6 H I of this section. For plans offered by the State and Education  
7 Employees Group Insurance Board, such contributions will first be  
8 applied in whole or in part to the prescription drug coverage  
9 premium, if any.

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

22 G. Dependents of a deceased employee who at the time of death  
23 was an at-will employee or who was not eligible to receive a vested  
24 benefit under the Oklahoma Public Employees Retirement System, the

1 Uniform Retirement System for Justices and Judges or the Oklahoma  
2 Law Enforcement Retirement System, but who was working under a  
3 contract or other form of work agreement for a specific period of  
4 time, may continue the health and dental insurance benefits in force  
5 for a period of time equal to six (6) months if the deceased  
6 employee was an at-will employee or the remaining time of the  
7 contract or other form of work agreement if the deceased employee  
8 was not an at-will employee, or six (6) months, whichever period of  
9 time is greater. Dependents electing to continue to receive  
10 benefits shall pay the full cost of such insurance and shall have  
11 been covered as eligible dependents at the time of death of the  
12 deceased employee. The election to continue coverage shall be made  
13 within thirty (30) days of the date of death. The eligibility for  
14 benefits shall terminate for a surviving child at the earlier of any  
15 of the following:

- 16 1. The child ceases to qualify as a dependent;
- 17 2. Six (6) months from the date of death of the employee have  
18 elapsed if the deceased employee was an at-will employee; or
- 19 3. Six (6) months or the remaining period of time of the  
20 contract or other form of work agreement, whichever is greater, has  
21 elapsed.

22 G. H. The amounts required to be paid by the Oklahoma Public  
23 Employees Retirement System, the Uniform Retirement System for  
24 Justices and Judges and the Oklahoma Law Enforcement Retirement

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

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

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

4 SECTION 2. AMENDATORY 74 O.S. 2001, Section 1316.3, as  
5 last amended by Section 3, Chapter 198, O.S.L. 2005 (74 O.S. Supp.  
6 2008, Section 1316.3), is amended to read as follows:

7 Section 1316.3 A. Any person who retires pursuant to the  
8 provisions of the Teachers' Retirement System of Oklahoma with at  
9 least ten (10) years of creditable service or who has a vested  
10 benefit with at least ten (10) years of creditable service, pursuant  
11 to the provisions of the Teachers' Retirement System of Oklahoma may  
12 continue in force the health and dental insurance benefits  
13 authorized by the provisions of the State and Education Employees  
14 Group Insurance Act if such election to continue in force or begin  
15 is made within thirty (30) days from the date of termination of  
16 service. Except as provided in subsection E of Sections 5-117.5 and  
17 14-108.1 of Title 70 of the Oklahoma Statutes and Section 840-2.27I  
18 of this title and subsection ~~K~~ L of this section, health and dental  
19 insurance coverage may not be reinstated at a later time if the  
20 election to continue in force or begin coverage is declined. Vested  
21 persons who have terminated service and are not receiving benefits  
22 and effective July 1, 1996, nonvested persons who have terminated  
23 service with more than ten (10) years of participating service with  
24 a qualifying employer, who within thirty (30) days from the date of

1 termination of service, elect to continue such coverage, shall pay  
2 the full cost of said insurance premium at the rate and pursuant to  
3 the terms and conditions established by the Board.

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

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

20 2. Health insurance benefit plans offered pursuant to this  
21 section shall provide prescription drug benefits, except for plans  
22 designed pursuant to the Medicare Prescription Drug Improvement and  
23 Modernization Act of 2003, which may or may not contain prescription  
24 drug benefits, for which provision of prescription drug benefits is

1 optional, and except for plans offered pursuant to subparagraph e of  
2 paragraph 1 of this subsection.

3 C. A retired person who:

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

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

17 3. Is receiving benefits from the Teachers' Retirement System  
18 of Oklahoma after September 30, 1988, made contributions to the  
19 system and is sixty-five (65) years of age or older, or who is under  
20 sixty-five (65) years of age and is eligible for Medicare and is a  
21 participant in the State and Education Employees Group Insurance Act  
22 and elects coverage under the Medicare supplement offered by the  
23 State and Education Employees Group Insurance Board; or

24

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

19           D. The Teachers' Retirement System shall pay the amount due  
20 pursuant to the provisions of subsection C of this section as  
21 follows:

22           1. For those individuals participating in plans provided  
23 through the State and Education Employees Group Insurance Act,  
24

1 payment shall be made to the Board pursuant to the provisions of  
 2 subsection I of this section; or

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

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

	LESS THAN		
	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
Less than \$30,000.00 but			
greater than \$19,999.99	\$102.00	\$103.00	\$104.00
Less than \$40,000.00 but			
greater than \$29,999.99	\$101.00	\$102.00	\$103.00
\$40,000.00 or greater	\$100.00	\$101.00	\$102.00

1 For plans offered by the State and Education Employees Group  
2 Insurance Board, the amount paid pursuant to this subsection shall  
3 first be applied to the prescription drug coverage premium, if any.  
4 Any remaining amounts shall be applied towards the medical coverage  
5 premium.

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

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

22 H. Dependents of a deceased education employee who was on  
23 active work status or on a disability leave at the time of death or  
24 of a participating retirant or of any person who has elected to

1 receive a vested benefit under the Teachers' Retirement System of  
2 Oklahoma may continue the health and dental insurance benefits in  
3 force provided said dependents pay the full cost of such insurance  
4 and they were covered as eligible dependents at the time of such  
5 death and such election is made within thirty (30) days of date of  
6 death. The eligibility for said benefits shall terminate for the  
7 surviving children when said children cease to qualify as  
8 dependents.

9 I. Dependents of a deceased education employee who at the time  
10 of death was an at-will employee or who was not eligible to receive  
11 a vested benefit under the Teachers' Retirement System of Oklahoma,  
12 but who was working under a contract or other form of work agreement  
13 for a specific period of time, may continue the health and dental  
14 insurance benefits in force for a period of time equal to six (6)  
15 months if the deceased employee was an at-will employee or the  
16 remaining time of the contract or other form of work agreement if  
17 the deceased employee was not an at-will employee, or six (6)  
18 months, whichever period of time is greater. Dependents electing to  
19 continue to receive benefits shall pay the full cost of such  
20 insurance and shall have been covered as eligible dependents at the  
21 time of death of the deceased employee. The election to continue  
22 coverage shall be made within thirty (30) days of the date of death.  
23 The eligibility for benefits shall terminate for a surviving child  
24 at the earlier of any of the following:

1        1. The child ceases to qualify as a dependent;

2        2. Six (6) months from the date of death of the employee have  
3 elapsed if the deceased employee was an at-will employee; or

4        3. Six (6) months or the remaining period of time of the  
5 contract or other form of work agreement, whichever is greater, has  
6 elapsed.

7        J. The amounts required to be paid by the Teachers' Retirement  
8 System of Oklahoma pursuant to this section shall be forwarded no  
9 later than the tenth day of each month following the month for which  
10 payment is due by the Board of Trustees of the Teachers' Retirement  
11 System of Oklahoma to the State and Education Employees Group  
12 Insurance Board for deposit in the Education Employees Group  
13 Insurance Reserve Fund.

14        ~~J.~~ K. The Teachers' Retirement System of Oklahoma shall provide  
15 the State and Education Employees Group Insurance Board information  
16 concerning the employers of retired and vested members necessary to  
17 allow the State and Education Employees Group Insurance Board to  
18 track eligibility for continued coverage.

19        ~~K.~~ L. Upon retirement from employment with the Board of Regents  
20 of the University of Oklahoma, any person who is or was employed at  
21 the George Nigh Rehabilitation Institute and who transferred  
22 employment pursuant to Section 3427 of Title 70 of the Oklahoma  
23 Statutes, any person who was employed at the Medical Technology and  
24 Research Authority and who transferred employment pursuant to

1 Section 7068 of this title, and any person who is a member of the  
2 Oklahoma Law Enforcement Retirement System pursuant to the authority  
3 of Section 2-314 of Title 47 of the Oklahoma Statutes may  
4 participate in the benefits authorized by the provisions of the  
5 State and Education Employees Group Insurance Act for retired  
6 participants, including health, dental and life insurance benefits,  
7 if such election to participate is made within thirty (30) days from  
8 the date of termination of employment. Life insurance benefits for  
9 any such person who transferred employment shall not exceed the  
10 coverage the person had at the time of such transfer. Retirees who  
11 are persons transferred employment and who participate pursuant to  
12 this paragraph shall pay the premium for elected benefits less any  
13 amounts paid by the retirement system pursuant to this section.

14 SECTION 3. This act shall become effective November 1, 2009.

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16 52-1-5015 MMP 12/18/08

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