

STATE OF OKLAHOMA

2nd Session of the 53rd Legislature (2012)

COMMITTEE SUBSTITUTE  
FOR  
HOUSE BILL NO. 2747

By: Kirby

COMMITTEE SUBSTITUTE

[ state government - State and Education Employees  
Group Insurance Act - one-time reinstatement for  
certain persons - employees reacquiring health care  
coverage -  
effective date ]

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

SECTION 1. AMENDATORY 74 O.S. 2011, 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  
Retirement System may continue in force the health and dental  
insurance benefits authorized by the provisions of the State and  
Education Employees Group Insurance Act, or other employer insurance

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

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

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

- 10 a. indemnity plans offered through the State and  
11 Education Employees Group Insurance Board,
- 12 b. managed care plans offered as alternatives to the  
13 indemnity plans offered through the State and  
14 Education Employees Group Insurance Board,
- 15 c. Medicare supplements offered pursuant to the State and  
16 Education Employees Group Insurance Act,
- 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. All Medicare risk-sharing contracts  
21 shall be subject to a risk adjustment factor, based on  
22 generally accepted actuarial principles for adverse  
23 selection which may occur, and  
24

1 e. for the Oklahoma Public Employee Retirement System,  
2 other employer-provided health insurance benefit plans  
3 if the employer does not participate in the plans  
4 offered pursuant to the State and Education Employees  
5 Group Insurance Act.

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

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

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

1 Education Employees Group Insurance Board in the  
2 manner specified in subsection G of this section,

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

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

23 d. a retired employee other than an education employee  
24 who is receiving benefits from the Uniform Retirement

1 System for Justices and Judges after September 30,  
2 1988, shall have One Hundred Five Dollars (\$105.00),  
3 or the premium rate of the health insurance plan,  
4 whichever is less, paid by the Uniform Retirement  
5 System for Justices and Judges to the Board in the  
6 manner specified in subsection G of this section.

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

9 a. the health plan shall be authorized by the provisions  
10 of the State and Education Employees Group Insurance  
11 Act, except that if an employer from which an employee  
12 retired or with a vested benefit pursuant to the  
13 provisions of the Oklahoma Public Employees Retirement  
14 System does not participate in the plans authorized by  
15 the provisions of the State and Education Employees  
16 Group Insurance Act, the health plan will be the  
17 health insurance benefits of the employer from which  
18 the individual retired or vested, or pursuant to  
19 subsection I of this section elects to reinstate  
20 coverage in the health insurance plan,

21 b. for plans offered by the State and Education Employees  
22 Group Insurance Act, the amount to be paid shall be  
23 determined pursuant to the provisions of this  
24 subsection and shall first be applied in whole or in

1 part to the prescription drug coverage premium. Any  
2 remaining amount shall be applied toward the medical  
3 coverage premium,

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

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

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

23 E. Effective July 1, 2004, a retired member of the Oklahoma Law  
24 Enforcement Retirement System who retired from the System by means

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

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

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

12 H. Upon retirement from employment of the Board of Regents of  
13 the University of Oklahoma, any person who was or is employed at the  
14 George Nigh Rehabilitation Institute and who transferred employment  
15 pursuant to Section 3427 of Title 70 of the Oklahoma Statutes, any  
16 person who was employed at the Medical Technology and Research  
17 Authority and who transferred employment pursuant to Section 7068 of  
18 this title, and any person who is a member of the Oklahoma Law  
19 Enforcement Retirement System pursuant to the authority of Section  
20 2-314 of Title 47 of the Oklahoma Statutes may participate in the  
21 benefits authorized by the provisions of the State and Education  
22 Employees Group Insurance Act for retired participants, including  
23 health, dental and life insurance benefits, if such election to  
24 participate is made within thirty (30) days from the date of

1 termination of service. Life insurance benefits for any such person  
2 who transferred employment shall not exceed the coverage the person  
3 had at the time of such transfer. Retirees who transferred  
4 employment and who participate pursuant to this paragraph shall pay  
5 the premium for elected benefits less any amounts paid by a state  
6 retirement system pursuant to this section.

7 I. Any employee who retires or who has elected a vested benefit  
8 pursuant to the provisions of the Oklahoma Public Employees  
9 Retirement System, the Uniform Retirement System for Justices and  
10 Judges, the Oklahoma Law Enforcement Retirement System, the Oklahoma  
11 Firefighters Pension and Retirement System, or the Oklahoma Police  
12 Pension and Retirement System and who was participating in a  
13 qualified state plan at the time the employee retired or elected a  
14 vested benefit, and does not elect to continue coverage or later  
15 ends coverage because such person is being covered on other group  
16 insurance either as a primary or as a dependent may, only one time,  
17 if the primary member or dependent requesting coverage is Medicare  
18 eligible and only within thirty (30) days of a loss of coverage, or  
19 one time at the 2012 option period offered by the Board, elect to  
20 again be covered under the health and dental insurance benefits and  
21 all other benefits authorized by the provisions of the State and  
22 Education Employees Group Insurance Act. Any former employee who  
23 reinstates health insurance coverage pursuant to this subsection  
24 shall pay the cost of the insurance premium as provided in this

1 section and pursuant to the rules and enrollment procedures  
2 established by the State and Education Employees Group Insurance  
3 Board. The former employee shall be subject to the same rate  
4 changes as those made available to all other vested or retired  
5 participants. The former employee may elect coverage for his or her  
6 current dependents if the election is made within thirty (30) days  
7 of reinstatement of health insurance.

8 The Board shall notify the Oklahoma Public Employees Retirement  
9 System, the Uniform Retirement System for Justices and Judges, the  
10 Oklahoma Law Enforcement Retirement System, the Oklahoma  
11 Firefighters Pension and Retirement System, or the Oklahoma Police  
12 Pension and Retirement System upon a member's reinstatement of  
13 health care coverage so that the retirement system can timely make  
14 any applicable payments to the Board. The payment amount authorized  
15 by subsection C of this section shall not be authorized for the  
16 employees who reacquire health care insurance coverage as authorized  
17 by this subsection.

18 SECTION 2. AMENDATORY 74 O.S. 2011, Section 1316.3, is  
19 amended to read as follows:

20 Section 1316.3 A. Any person who retires pursuant to the  
21 provisions of the Teachers' Retirement System of Oklahoma with at  
22 least ten (10) years of creditable service or who has a vested  
23 benefit with at least ten (10) years of creditable service, pursuant  
24 to the provisions of the Teachers' Retirement System of Oklahoma may

1 continue in force the health and dental insurance benefits  
2 authorized by the provisions of the State and Education Employees  
3 Group Insurance Act if such election to continue in force or begin  
4 is made within thirty (30) days from the date of termination of  
5 service or as provided in subsection L of this section. Except as  
6 provided in subsection E of Sections 5-117.5 and 14-108.1 of Title  
7 70 of the Oklahoma Statutes and Section 840-2.27I of this title and  
8 subsection K and subsection L of this section, health and dental  
9 insurance coverage may not be reinstated at a later time if the  
10 election to continue in force or begin coverage is declined. Vested  
11 persons who have terminated service and are not receiving benefits  
12 and effective July 1, 1996, nonvested persons who have terminated  
13 service with more than ten (10) years of participating service with  
14 a qualifying employer, who within thirty (30) days from the date of  
15 termination of service, elect to continue such coverage, or elect  
16 pursuant to subsection L of this section to reinstate coverage,  
17 shall pay the full cost of said insurance premium at the rate and  
18 pursuant to the terms and conditions established by the Board.

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

- 21 a. indemnity plans offered through the State and  
22 Education Employees Group Insurance Board,  
23 b. managed care plans offered as alternatives to the  
24 indemnity plans,

1 c. Medicare supplements offered through the State and  
2 Education Employees Group Insurance Board,

3 d. Medicare risk-sharing contracts offered as  
4 alternatives to the Medicare supplements offered  
5 through the State and Education Employees Group  
6 Insurance Board, and

7 e. any other employer-provided health insurance benefit  
8 plans if the employer does not participate in the  
9 plans offered pursuant to the State and Education  
10 Employees Group Insurance Act.

11 2. Health insurance benefit plans offered pursuant to this  
12 section shall provide prescription drug benefits, except for plans  
13 designed pursuant to the Medicare Prescription Drug Improvement and  
14 Modernization Act of 2003, which may or may not contain prescription  
15 drug benefits, for which provision of prescription drug benefits is  
16 optional, and except for plans offered pursuant to subparagraph e of  
17 paragraph 1 of this subsection.

18 C. A retired person who:

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

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

9           3. Is receiving benefits from the Teachers' Retirement System  
10 of Oklahoma after September 30, 1988, made contributions to the  
11 system and is sixty-five (65) years of age or older, or who is under  
12 sixty-five (65) years of age and is eligible for Medicare and is a  
13 participant in the State and Education Employees Group Insurance Act  
14 and elects coverage under the Medicare supplement offered by the  
15 State and Education Employees Group Insurance Board; or

16           4. Is receiving benefits from the Teachers' Retirement System  
17 of Oklahoma after June 30, 1993, made contributions to the system  
18 and is sixty-five (65) years of age or older, or who is under sixty-  
19 five (65) years of age and is eligible for Medicare and participates  
20 in a health insurance plan provided by a participating education  
21 employer of the Teachers' Retirement System of Oklahoma other than a  
22 health insurance plan offered pursuant to the State and Education  
23 Employees Group Insurance Act or an alternative health plan offered  
24 pursuant to the Oklahoma State Employees Benefits Act and elects

1 coverage under the Medicare supplement offered by the State and  
2 Education Employees Group Insurance Board,  
3 shall have the amount determined pursuant to subsection E of this  
4 section, or the premium rate of the health insurance benefit plan,  
5 whichever is less, paid by the Teachers' Retirement System of  
6 Oklahoma. If the amount paid by the Teachers' Retirement System of  
7 Oklahoma does not cover the full cost of the health insurance  
8 premium, the retired person shall pay the remaining amount if the  
9 retired person wants to continue the coverage.

10 D. The Teachers' Retirement System shall pay the amount due  
11 pursuant to the provisions of subsection C of this section as  
12 follows:

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

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

22 E. Beginning July 1, 2000, the maximum benefit payable by the  
23 Teachers' Retirement System of Oklahoma on behalf of a retired  
24

1 person toward said person's monthly premium for health insurance  
 2 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
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

15 For plans offered by the State and Education Employees Group  
 16 Insurance Board, the amount paid pursuant to this subsection shall  
 17 first be applied to the prescription drug coverage premium, if any.  
 18 Any remaining amounts shall be applied towards the medical coverage  
 19 premium.

20 F. If a person retires and begins to receive benefits from the  
 21 Teachers' Retirement System of Oklahoma or terminates service and  
 22 has a vested benefit with the Teachers' Retirement System of  
 23 Oklahoma, the person may elect, in the manner provided in subsection  
 24 A of this section, to participate in the dental insurance plan

1 offered through the State and Education Employees Group Insurance  
2 Act. The person shall pay the full cost of the dental insurance.

3 G. Those persons who are receiving benefits from the Teachers'  
4 Retirement System of Oklahoma and have health insurance coverage  
5 which on the operative date of this section is being paid by the  
6 education entity from which the person retired shall make the  
7 election required in subsection A of this section within thirty (30)  
8 days of the termination of said health insurance coverage. The  
9 person making the election shall give the Board certified  
10 documentation satisfactory to the Board of the termination date of  
11 the other health insurance coverage.

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

23 I. The amounts required to be paid by the Teachers' Retirement  
24 System of Oklahoma pursuant to this section shall be forwarded no

1 later than the tenth day of each month following the month for which  
2 payment is due by the Board of Trustees of the Teachers' Retirement  
3 System of Oklahoma to the State and Education Employees Group  
4 Insurance Board for deposit in the Education Employees Group  
5 Insurance Reserve Fund.

6 J. The Teachers' Retirement System of Oklahoma shall provide  
7 the State and Education Employees Group Insurance Board information  
8 concerning the employers of retired and vested members necessary to  
9 allow the State and Education Employees Group Insurance Board to  
10 track eligibility for continued coverage.

11 K. Upon retirement from employment with the Board of Regents of  
12 the University of Oklahoma, any person who is or was employed at the  
13 George Nigh Rehabilitation Institute and who transferred employment  
14 pursuant to Section 3427 of Title 70 of the Oklahoma Statutes, any  
15 person who was employed at the Medical Technology and Research  
16 Authority and who transferred employment pursuant to Section 7068 of  
17 this title, and any person who is a member of the Oklahoma Law  
18 Enforcement Retirement System pursuant to the authority of Section  
19 2-314 of Title 47 of the Oklahoma Statutes may participate in the  
20 benefits authorized by the provisions of the State and Education  
21 Employees Group Insurance Act for retired participants, including  
22 health, dental and life insurance benefits, if such election to  
23 participate is made within thirty (30) days from the date of  
24 termination of employment. Life insurance benefits for any such

1 person who transferred employment shall not exceed the coverage the  
2 person had at the time of such transfer. Retirees who are persons  
3 transferred employment and who participate pursuant to this  
4 paragraph shall pay the premium for elected benefits less any  
5 amounts paid by the retirement system pursuant to this section.

6 L. Any employee who retires or who has elected a vested benefit  
7 pursuant to the provisions of the Teachers' Retirement System of  
8 Oklahoma and who was participating in a qualified state plan at the  
9 time the employee retired or elected a vested benefit, and does not  
10 elect to continue coverage or later ends coverage because such  
11 person is being covered on other group insurance either as a primary  
12 or as a dependent may, only one time, if the primary member or  
13 dependent requesting coverage is Medicare eligible and only within  
14 thirty (30) days of a loss of coverage, or one time at the 2012  
15 option period offered by the Board, elect to again be covered under  
16 the health and dental insurance benefits and all other benefits  
17 authorized by the provisions of the State and Education Employees  
18 Group Insurance Act. Any former employee who reinstates health  
19 insurance coverage pursuant to this subsection shall pay the cost of  
20 the insurance premium as provided in this section and pursuant to  
21 the rules and enrollment procedures established by the State and  
22 Education Employees Group Insurance Board. The former employee  
23 shall be subject to the same rate changes as those made available to  
24 all other vested or retired participants. The former employee may

1 elect coverage for his or her current dependents if the election is  
2 made within thirty (30) days of reinstatement of health insurance.  
3 The Board shall notify the Teachers' Retirement System of Oklahoma  
4 upon a member's reinstatement of health care coverage so that the  
5 retirement system can timely make any applicable payments to the  
6 Board. The payment amount authorized by this section shall not be  
7 authorized for the employees who reacquire health care insurance  
8 coverage as authorized by this subsection.

9 SECTION 3. This act shall become effective November 1, 2012.

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