

1 STATE OF OKLAHOMA

2 1st Session of the 53rd Legislature (2011)

3 COMMITTEE SUBSTITUTE

4 FOR ENGROSSED

5 SENATE BILL NO. 190

By: Aldridge of the Senate

and

Murphey of the House

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10 COMMITTEE SUBSTITUTE

11 An Act relating to state government; amending 74 O.S.
12 2001, Sections 1306.3, 1307 and 1308.1, as amended by
13 Section 1, Chapter 41, O.S.L. 2004 (74 O.S. Supp.
14 2010, Section 1308.1), which relate to the State and
15 Education Employees Group Insurance Act; requiring
16 the final report of the Payment Rate Review Task
17 Force to be submitted by certain date; providing that
18 the Task Force shall cease to have force and effect
19 of law as of certain date; authorizing Health
20 Insurance Plan to enter certain contracts with
21 providers; providing exception; excluding higher
22 education institutions from certain benefit offers;
23 and providing an effective date.

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

SECTION 1. AMENDATORY 74 O.S. 2001, Section 1306.3, is
amended to read as follows:

Section 1306.3 A. The Joint Liaison Committee on State and
Education Employees Group Insurance Benefits shall create the

1 Payment Rate Review Task Force, which shall review all payments made
2 to providers of medical care by the ~~Oklahoma~~ State and Education
3 Employees Group Insurance Board. The Task Force shall be composed
4 of independent experts appointed by the Joint Liaison Committee on
5 State and Education Employees Group Insurance Benefits. The Task
6 Force shall annually review applicable changes in payment rates
7 which will affect hospital inpatient and outpatient payment
8 methodologies.

9 B. The Task Force shall study and make recommendations, as part
10 of its annual report, regarding new institutional reimbursement
11 policy and changes in each existing reimbursement policy by the
12 ~~Oklahoma~~ State and Education Employees Group Insurance Board under
13 which payments to an institution are made.

14 C. No later than ~~January 1 of each year~~ December 31, 2011, the
15 Task Force shall submit a final report to the Joint Liaison
16 Committee on State and Education Employees Group Insurance Benefits
17 containing an examination of issues affecting health care delivery
18 to state and education employees in Oklahoma, including issues
19 related to:

- 20 1. Trends in health care costs;
- 21 2. The financial condition of hospitals and the effect of the
22 payments made to hospitals under this act on such condition;

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1 3. Trends in the use of health care services under the ~~Oklahoma~~
2 State and Education Employees Group Insurance Board health plans;
3 and

4 4. New methods used by employers, insurers, and others to
5 address the use of health care services.

6 The Task Force shall make, as part of its annual report,
7 recommendations to the Joint Liaison Committee on State and
8 Education Employees Group Insurance Benefits concerning appropriate
9 changes in reimbursement rates which should be used for inpatient
10 and outpatient hospital services.

11 D. The Task Force shall consist of nine (9) members. The
12 membership of the Task Force shall include individuals with
13 recognized expertise in health economics, health facility
14 management, reimbursement of health facilities or other providers of
15 services which reflect the scope of the Task Force's
16 responsibilities, a balance of urban and rural representatives,
17 including hospital administrators, physicians, and registered
18 nurses, employers, third-party payors, individuals skilled in the
19 conduct and interpretation of biomedical, health services, and
20 health economics research, and individuals having expertise in the
21 research and development of technological and scientific advances in
22 health care.

23 E. In order to identify medically appropriate patterns of
24 health resources, the Task Force shall collect and assess

1 information on medical and surgical procedures and services,
2 including information on variations of medical practice and lengths
3 of hospitalization and on other patient care data, giving special
4 attention to treatment patterns for conditions which appear to
5 involve excessively costly or inappropriate services not adding to
6 the quality of care provided. The Task Force shall give special
7 attention to the needs of updating existing diagnosis-related groups
8 and establishing new diagnosis-related groups, to reflect
9 appropriate differences in resource consumption in delivering safe,
10 efficacious and cost-effective care.

11 F. In order to conduct its duties, the Task Force shall have
12 unrestricted access to all payment rate information of the ~~Oklahoma~~
13 State and Education Employees Group Insurance Board immediately upon
14 request.

15 G. The Payment Rate Review Task Force shall cease to have the
16 force and effect of law on January 1, 2012.

17 SECTION 2. AMENDATORY 74 O.S. 2001, Section 1307, is
18 amended to read as follows:

19 Section 1307. A. The specifications drawn by the Board for the
20 Health Insurance Plan shall provide for comprehensive hospital
21 medical and surgical benefits. The Health Insurance Plan may limit
22 coverage for a particular illness, disease, injury or condition;
23 but, except for such limits, shall not exclude or limit particular
24 services or procedures that can be provided for the diagnosis and

1 treatment of an illness, disease, injury or condition, so long as
2 the services and procedures provided are of sound efficacy, are
3 medically necessary, and fall within the licensed scope of practice
4 of the practitioner providing same. The Health Insurance Plan may
5 contract with providers for specific services based on levels of
6 outcomes defined by the Board and achieved by the provider. The
7 Health Insurance Plan may provide for the application of deductibles
8 and copayment or coinsurance provisions, when equally applied to all
9 covered charges for services and procedures that can be provided by
10 any practitioner for the diagnosis and treatment of a particular
11 illness, disease, injury or condition unless deductibles, copayments
12 or coinsurance variations are based on contracts with providers for
13 specific services based on levels of outcomes.

14 B. The Life Insurance Plan shall include Accidental Death and
15 Dismemberment Benefits and additional optional life insurance
16 coverage.

17 SECTION 3. AMENDATORY 74 O.S. 2001, Section 1308.1, as
18 amended by Section 1, Chapter 41, O.S.L. 2004 (74 O.S. Supp. 2010,
19 Section 1308.1), is amended to read as follows:

20 Section 1308.1 (1) An educational entity may extend the
21 benefits of the health insurance plan, the dental insurance plan,
22 and the life insurance plan to education employees employed by said
23 entity. The benefits of said plans for an education employee,
24 excluding higher education institutions, shall be the same and shall

1 include the same plan options as would be made available to a state
2 employee participating in the plan that resided at the same
3 location. Notwithstanding the provisions of Section 1308.2 of this
4 title, a period shall exist for enrolling education entities from
5 April 1, 1989 through October 1, 1991, whereby education employees
6 of a participating education entity may be enrolled, pursuant to
7 this act, during the entities' initial enrollment period, regardless
8 of preexisting conditions. The Board shall adopt rules and
9 regulations for enrollment by which education entities may apply to
10 participate in said insurance plans. Once an education entity
11 becomes a participant in the health and dental insurance plans
12 offered through the State and Education Employees Group Insurance
13 Act, the education entity may withdraw from said participation, in a
14 manner prescribed by the Board. If a school district is
15 participating in the health and dental insurance plans pursuant to
16 the State and Education Employees Group Insurance Act, Section 1301
17 et seq. of this title, the employees of the school district who are
18 eligible to participate in the health and dental plans, at such time
19 as the school district may withdraw from such participation, may
20 require the board of education of the school district to call an
21 election to allow said employees to vote as to whether the school
22 district shall continue participation in the health and dental
23 insurance plans offered through the State and Education Employees
24 Group Insurance Act. Upon the filing with the board of education of

1 a petition calling for such an election which is signed by no less
2 than thirty percent (30%) of the eligible employees of the school
3 district, the board of education shall call an election for the
4 purpose of determining whether the school district shall continue
5 participation in the health and dental insurance plans offered
6 through the State and Education Employees Group Insurance Act. The
7 election shall be held within thirty (30) days of the filing of the
8 petition. If a majority of those eligible employees voting at the
9 election vote to continue participation in the health and dental
10 insurance plans offered through the State and Education Employees
11 Group Insurance Act, the board of education shall be prohibited from
12 withdrawing the school district from such participation. If a
13 majority of those eligible employees voting at the election vote
14 against continued participation in the health and dental insurance
15 plans offered through the State and Education Employees Group
16 Insurance Act, the board of education of the school district shall
17 apply to discontinue such participation within thirty (30) days of
18 the election and within the times the school district is authorized
19 to withdraw from participation in accordance with rules established
20 for withdrawal by the State and Education Employees Group Insurance
21 Board.

22 (2) Except as otherwise provided in this subsection, when an
23 education entity participates in the health and dental insurance
24 plans offered through the State and Education Employees Group

1 Insurance Act, all employees shall be advised of Health Maintenance
2 Organizations prepaid plans available as an alternative to the state
3 self-insured health insurance plan. Eligible part-time education
4 employees, at the option of the employee, may enroll in the plans
5 either at the time the education entity begins participation in the
6 plans or, if later, upon a showing of insurability to the
7 satisfaction of the Board.

8 (3) Any employee of an education entity participating in the
9 health and dental insurance plans offered through the State and
10 Education Employees Group Insurance Act who is employed after the
11 education entity began said participation may be enrolled in the
12 health and dental insurance plans or HMO plans approved by the Board
13 on the first day of the second month of employment.

14 (4) Upon initial enrollment of an institution of higher
15 education to participate in the health and dental insurance plans
16 offered through the State and Education Employees Group Insurance
17 Act, all individuals presently insured by said institution's present
18 group health insurance plan shall become enrolled in said state
19 plans for the remaining period of said institution's contractual
20 liabilities.

21 (5) Education employees who shall be absent from the teaching
22 service because of election or appointment as a local, state, or
23 national education association officer shall be allowed to retain
24 coverage pursuant to the State and Education Employees Group

1 Insurance Act upon the payment of the full cost of the coverage at
2 the rate and under such terms and conditions established by the
3 Board.

4 (6) Except as otherwise provided by law, an educational entity
5 may cease to participate in the State and Education Employees Group
6 Insurance Act but provide health insurance coverage through another
7 insurance carrier. The subsequent carrier shall provide coverage to
8 the employees of the educational entity who terminated employment
9 with a retirement benefit, with a vested benefit, or who have ten
10 (10) or more years of service with a participating educational
11 entity but did not have a vested benefit through the retirement
12 system of the educational entity, if the election to retain health
13 insurance coverage was made within thirty (30) days of termination
14 of employment. Coverage shall also be provided to the eligible
15 dependents of the employees if an election to retain coverage is
16 made within thirty (30) days of termination of employment.

17 SECTION 4. This act shall become effective November 1, 2011.

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