

1 STATE OF OKLAHOMA

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

3 COMMITTEE SUBSTITUTE
4 FOR ENGROSSED
5 SENATE BILL NO. 305

By: Crain of the Senate

and

Mulready of the House

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9 COMMITTEE SUBSTITUTE

10 [state benefits - benefit allowance - flexible
11 spending accounts - benefit plans - effective date]
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15 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

16 SECTION 1. AMENDATORY 74 O.S. 2001, Section 1370, as
17 last amended by Section 2, Chapter 28, O.S.L. 2009 (74 O.S. Supp.
18 2010, Section 1370), is amended to read as follows:

19 Section 1370. A. Subject to the requirement that a participant
20 must elect the default benefits, the basic plan, or is a person who
21 has retired from a branch of the United States military and has been
22 provided with health care through a federal plan, to the extent that
23 it is consistent with federal law, and provides proof of this
24 coverage, flexible benefit dollars may be used to purchase any of

1 the benefits offered by the Oklahoma State Employees Benefits
2 Council under the flexible benefits plan. A participant who has
3 provided proof of other coverage as described in this subsection
4 shall not receive flexible benefit dollars if the person elects not
5 to purchase any benefits. A participant's flexible benefit dollars
6 for a plan year shall consist of the sum of (1) flexible benefit
7 allowance credited to a participant by the participating employer,
8 and (2) pay conversion dollars elected by a participant.

9 B. Each participant shall be credited annually with a specified
10 amount as a flexible benefit allowance which shall be available for
11 the purchase of benefits. The amount of the flexible benefit
12 allowance credited to each participant shall be communicated to him
13 or her prior to the enrollment period for each plan year.

14 C. For the plan year ~~ending December 31, 2001, and each plan~~
15 ~~year thereafter, the amount of a participant's benefit allowance,~~
16 ~~which shall be the total amount the employer contributes for the~~
17 ~~payment of insurance premiums or other benefits, beginning January~~
18 ~~1, 2012, the benefit allowance shall be:~~

19 1. ~~The greater of Two Hundred Sixty two Dollars and nineteen~~
20 ~~cents (\$262.19) per month or an amount equal to the sum of the~~
21 ~~average monthly premiums of all high option health insurance plans,~~
22 ~~excluding the point of service plans, the average monthly premiums~~
23 ~~of the dental plans, the monthly premium of the disability plan, and~~
24 ~~the monthly premium of the basic life insurance plan offered to~~

1 ~~state employees or the amount determined by the Council based on a~~
2 ~~formula for determining a participant's benefit credits consistent~~
3 ~~with the requirements of 26 U.S.C., Section 125(g)(2) and~~
4 ~~regulations thereunder; or~~

5 2. ~~The greater of Two Hundred Twenty four Dollars and sixty-~~
6 ~~nine cents (\$224.69) per month or an amount equal to the sum of the~~
7 ~~average monthly premiums of all high option health insurance plans,~~
8 ~~excluding the point of service plans, the average monthly premiums~~
9 ~~of the dental plans, the monthly premium of the disability plan, and~~
10 ~~the monthly premium of the basic life insurance plan offered to~~
11 ~~state employees plus one of the additional amounts as follows for~~
12 ~~participants who elect to include one or more dependents:~~

13 a. ~~for a spouse, seventy five percent (75%) of the~~
14 ~~average price of all high option benefit plans,~~
15 ~~excluding the point of service plans, available for~~
16 ~~coverage of a spouse,~~

17 b. ~~for one child, seventy five percent (75%) of the~~
18 ~~average price of all high option benefit plans~~
19 ~~available, excluding the point of service plans, for~~
20 ~~coverage of one child,~~

21 c. ~~for two or more children, seventy five percent (75%)~~
22 ~~of the average price of all high option benefit plans~~
23 ~~available, excluding the point of service plans, for~~
24 ~~coverage of two or more children,~~

- 1 d. ~~for a spouse and one child, seventy-five percent (75%)~~
2 ~~of the average price of all high option benefit plans~~
3 ~~available, excluding the point-of-service plans, for~~
4 ~~coverage of a spouse and one child, or~~
- 5 e. ~~for a spouse and two or more children, seventy-five~~
6 ~~percent (75%) of the average price of all high option~~
7 ~~benefit plans available, excluding the point-of-~~
8 ~~service plans, for coverage of a spouse and two or~~
9 ~~more children~~

10 An amount equal to the HealthChoice qualified high-deductible
11 health plan premium, the HealthChoice dental plan premium, the
12 HealthChoice disability plan premium, and the HealthChoice basic
13 life insurance plan premium offered to state employees;

14 2. For participants who elect to include a dependent, an
15 additional amount of seventy-five percent (75%) of the HealthChoice
16 qualified high-deductible plan premium for each dependent category
17 and

18 3. If a participant elects the HealthChoice qualified high-
19 deductible health plan, the benefit allowance shall include an
20 additional amount equal to one-twelfth (1/12) of the individual
21 annual deductible, or one-twelfth (1/12) of the family annual
22 deductible if the participant elected to include dependents. The
23 allowance provided in this paragraph shall be placed in a health
24 savings account administered by the Office of State Finance. The

1 Office shall contract with a provider to administer the health
2 savings account. Any employer or employee contributions for the
3 health savings account shall be remitted to the Office and shall not
4 be subject to any assessment of administrative fees.

5 D. Eligible dependents of active state employees who are
6 employed by an education entity and are provided a financial
7 incentive not to participate in the school-district-sponsored
8 cafeteria plan shall be ineligible to receive the dependent benefit
9 allowance provided in this section.

10 E. This section shall not prohibit payments for supplemental
11 health insurance coverage made pursuant to Section 1314.4 of this
12 title or payments for the cost of providing health insurance
13 coverage for dependents of employees of the Grand River Dam
14 Authority.

15 ~~E.~~ F. If a participant desires to buy benefits whose sum total
16 of benefit prices is in excess of his or her flexible benefit
17 allowance, the participant may elect to use pay conversion dollars
18 to purchase such excess benefits. Pay conversion dollars may be
19 elected through a salary reduction agreement made pursuant to the
20 election procedures of Section 1371 of this title. The elected
21 amount shall be deducted from the participant's compensation in
22 equal amounts each pay period over the plan year. On termination of
23 employment during a plan year, a participant shall have no
24 obligation to pay the participating employer any pay conversion

1 dollars allocated to the portion of the plan year after the
2 participant's termination of employment.

3 ~~F.~~ G. If a participant elects benefits whose sum total of
4 benefit prices is less than his or her flexible benefit allowance,
5 he or she shall receive any excess flexible benefit allowance as
6 taxable compensation. Such taxable compensation will be paid in
7 substantially equal amounts each pay period over the plan year. On
8 termination during a plan year, a participant shall have no right to
9 receive any such taxable cash compensation allocated to the portion
10 of the plan year after the participant's termination. Funds from
11 the flexible spending account shall not be available to use for
12 abortions or abortion-related services. Nothing herein shall affect
13 a participant's obligation to elect the minimum benefits or to
14 accept the default benefits of the plan with corresponding reduction
15 in the sum of his or her flexible benefit allowance equal to the sum
16 total benefit price of such minimum benefits or default benefits.

17 SECTION 2. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 1329 of Title 74, unless there
19 is created a duplication in numbering, reads as follows:

20 A. The Oklahoma State and Education Employees Group Insurance
21 Board shall contract for plan year 2013 with a vendor that offers a
22 web-based health care cost-containment program that incorporates
23 doctor-patient mutual accountability incentives. The purpose of the
24 contract is to conduct a pilot project to test a program's value

1 proposition that offers incentives to both the health care provider
2 and the patient for demonstrating to one another the adoption of
3 best practices, continuum of care through wellness and prevention,
4 health-risk management, and disease management. At a minimum, the
5 program shall incorporate evidence-based medicine treatment
6 guidelines and doctor-initiated patient health care. The program
7 shall offer the health care provider the flexibility to use the
8 health care provider's clinical judgment to adhere to or deviate
9 from the program's treatment guidelines and earn incentives as long
10 as the health care provider prescribes information therapy to the
11 patient that includes an explanation of the provider's adherence or
12 reason for nonadherence to the guidelines. The program shall offer
13 an incentive to the patient for responding to the information by
14 demonstrating the patient's understanding of the patient's health
15 condition by declaring or demonstrating adherence to recommended
16 care, by agreeing to allow the patient's physician to view the
17 patient's responses and acknowledge the patient's health
18 accomplishments, and by judging the quality of care given to the
19 patient against these guidelines and recommended care and provider
20 performance. The program shall also allow the health care provider
21 and the patient to earn additional financial incentives when
22 providers prescribe and patients successfully participate in
23 wellness, prevention and care management regimens such as health-
24 risk assessments and screenings, smoking cessation, weight loss and

1 fitness programs and disease management, provided the health care
2 provider acknowledges the program's authentication of the patient's
3 participation in these regimens. Participation in the program shall
4 be voluntary to both the provider and patient on an encounter-by-
5 encounter basis. The program shall be offered and administered by
6 the program vendor through an Internet application. The pilot
7 project shall include at least ten thousand lives over a period of
8 three (3) years in order to determine the program's effectiveness in
9 terms of controlling health care costs. An analysis shall be
10 performed periodically, but no less frequently than annually, by a
11 qualified and independent evaluator, who is acceptable to both the
12 Board and the vendor, to determine the program's effectiveness at
13 controlling health care costs and achieving other pertinent
14 objectives. The evaluator shall prepare and submit annual and final
15 written reports from the analysis, to include reviews and comments
16 by the Board and the vendor, to the Governor, the Speaker of the
17 Oklahoma House of Representatives, the President Pro Tempore of the
18 Oklahoma State Senate, the Board, and the vendor.

19 B. The Board shall use its operating funds to underwrite the
20 cost of the pilot project and shall not pass these costs along to
21 any participating state agencies or school boards or providers.

22 SECTION 3. This act shall become effective November 1, 2011.

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