



1 and Education Employees Group Insurance Act and the State Employees  
2 Flexible Benefits Act, shall have the following powers and duties:

3 1. The preparation of specifications for such insurance plans  
4 as the Board may determine to be appropriate;

5 2. The authority and duty to request bids through the  
6 Purchasing Division of the Department of Central Services for a  
7 contract to be the claims administrator for all or any part of such  
8 insurance and benefit plans as the Board may offer;

9 3. The determination of the methods of claims administration  
10 under such insurance and benefit plans as the Board may offer;

11 4. The determination of the eligibility of employees and their  
12 dependents to participate in each of the Group Insurance Plans and  
13 in such other insurance and benefit plans as the Board may offer and  
14 the eligibility of employees to participate in the Life Insurance  
15 Plan provided that evidence of insurability shall not be a  
16 requirement in determining an employee's initial eligibility;

17 5. The determination of the amount of employee payroll  
18 deductions and the responsibility of establishing the procedure by  
19 which such deduction shall be made;

20 6. The establishment of a grievance procedure by which a three-  
21 member grievance panel shall act as an appeals body for complaints  
22 by insured employees regarding the allowance and payment of claims,  
23 eligibility, and other matters. Except for grievances settled to  
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1 the satisfaction of both parties prior to a hearing, any person who  
2 requests in writing a hearing before the grievance panel shall  
3 receive a hearing before the panel. The grievance procedure  
4 provided by this paragraph shall be the exclusive remedy available  
5 to insured employees having complaints against the insurer. Such  
6 grievance procedure shall be subject to the ~~Oklahoma~~ Administrative  
7 Procedures Act, including provisions thereof for review of agency  
8 decisions by the district court. The grievance panel shall schedule  
9 a hearing regarding the allowance and payment of claims, eligibility  
10 and other matters within sixty (60) days from the date the grievance  
11 panel receives a written request for a hearing unless the panel  
12 orders a continuance for good cause shown. Upon written request by  
13 the insured employee to the grievance panel and received not less  
14 than ten (10) days before the hearing date, the grievance panel  
15 shall cause a full stenographic record of the proceedings to be made  
16 by a competent court reporter at the insured employee's expense;

17 7. The continuing study of the operation of such insurance and  
18 benefit plans as the Board may offer including such matters as gross  
19 and net costs, administrative costs, benefits, utilization of  
20 benefits, and claims administration;

21 8. The administration of the Health, Dental and Life Insurance  
22 Reserve Fund or Funds, the Flexible Benefits Revolving Fund and the  
23 Education Employees Group Insurance Reserve Fund;

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1           9. The auditing of the claims paid pursuant to the provisions  
2 of the State and Education Employees Group Insurance Act, the State  
3 Employees Flexible Benefits Act and the State Employees Disability  
4 Program Act;

5           10. a. To select and contract with federally qualified Health  
6 Maintenance Organizations under the provisions of 42  
7 U.S.C., Section 300e et seq. or with Health  
8 Maintenance Organizations granted a certificate of  
9 authority by the Insurance Commissioner pursuant to  
10 Sections 6901 through 6951 of Title 36 of the Oklahoma  
11 Statutes for consideration by employees as an  
12 alternative to the state self-insured health plan, and  
13 to transfer to the HMOs such funds as may be approved  
14 for an employee electing HMO alternative services.  
15 The Board may also select and contract with a vendor  
16 to offer a point-of-service plan. An HMO may offer  
17 coverage through a point-of-service plan, subject to  
18 the guidelines established by the Board. However, if  
19 the Board chooses to offer a point-of-service plan,  
20 then a vendor that offers both an HMO plan and a  
21 point-of-service plan may choose to offer only its  
22 point-of-service plan in lieu of offering its HMO  
23 plan.

1           b.   Benefit plan contracts with the State and Education  
2                   Employees Group Insurance Board, Health Maintenance  
3                   Organizations, and other third-party insurance vendors  
4                   shall provide for a risk adjustment factor for adverse  
5                   selection that may occur, as determined by the Board,  
6                   based on generally accepted actuarial principles. The  
7                   risk adjustment factor shall include all members  
8                   participating in the plans offered by the State and  
9                   Education Employees Group Insurance Board. The  
10                  Oklahoma State Employees Benefits Council shall  
11                  contract with an actuary to provide the above  
12                  actuarial services, and shall be reimbursed for these  
13                  contract expenses by the Board.

14           c.   Effective for the plan year beginning January 1, 2007,  
15                   and for each year thereafter, in setting health  
16                   insurance premiums for active employees and for  
17                   retirees under sixty-five (65) years of age, HMOs,  
18                   self-insured organizations and prepaid plans shall set  
19                   the monthly premium for active employees to be equal  
20                   to the premium for retirees under sixty-five (65)  
21                   years of age;

22           11. To contract for reinsurance, catastrophic insurance, or any  
23           other type of insurance deemed necessary by the Board. Provided,  
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1 however, that the Board shall not offer a health plan which is owned  
2 or operated by the state and which utilizes a capitated payment plan  
3 for providers which uses a primary care physician as a gatekeeper to  
4 any specialty care provided by physician-specialists, unless  
5 specifically authorized by the Legislature;

6 12. The Board, pursuant to the provisions of Section 250 et  
7 seq. of Title 75 of the Oklahoma Statutes, shall adopt such rules  
8 consistent with the provisions of the State and Education Employees  
9 Group Insurance Act as it deems necessary to carry out its statutory  
10 duties and responsibilities. Emergency Rules adopted by the Board  
11 and approved by the Governor which are in effect on the first day of  
12 the Regular Session of the Oklahoma Legislature shall not become  
13 null and void until January 15 of the subsequent calendar year;

14 13. The Board shall contract for claims administration services  
15 with a private insurance carrier or a company experienced in claims  
16 administration of any insurance that the Board may be directed to  
17 offer. No contract for claims administration services shall be made  
18 unless such contract has been offered for bids through the  
19 Purchasing Division of the Department of Central Services. The  
20 Board shall contract with a private insurance carrier or other  
21 experienced claims administrator to process claims with software  
22 that is normally used for its customers;

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1 14. The Board shall contract for utilization review services  
2 with a company experienced in utilization review, data base  
3 evaluation, market research, and planning and performance of the  
4 health insurance plan;

5 15. The Board shall have the authority to determine all rates  
6 and life, dental and health benefits. Except as otherwise provided  
7 for in Section 1321 of this title, the Board shall not have the  
8 authority to adjust the premium rates after approval. The Board  
9 shall submit notice of the amount of employee premiums and dependent  
10 premiums along with an actuarial projection of the upcoming fiscal  
11 year's enrollment, employee contributions, employer contributions,  
12 investment earnings, paid claims, internal expenses, external  
13 expenses and changes in liabilities to the Director of the Office of  
14 State Finance and the Director of the Legislative Service Bureau no  
15 later than March 1 of the previous fiscal year.

16 Effective for the plan year beginning January 1, 2007, and for  
17 each plan year thereafter, in setting health insurance premiums for  
18 active employees and retirees under sixty-five (65) years of age,  
19 the Board shall set the monthly premium for active employees to be  
20 equal to the monthly premium for retirees under sixty-five (65)  
21 years of age. Effective for the plan year beginning January 1,  
22 2013, and for each plan year thereafter, the plan year shall begin  
23 on the first day of July for education employees. The Board shall

1 modify the plan for plan year 2013 to accommodate the July 1 start  
2 date;

3 16. Before December 1 of each year the Board shall submit to  
4 the Director of the Office of State Finance a report outlining the  
5 financial condition for the previous fiscal year of all insurance  
6 plans offered by the Board. The report shall include a complete  
7 explanation of all reserve funds and the actuarial projections on  
8 the need for such reserves. The report shall include and disclose  
9 an estimate of the future trend of medical costs, the impact from  
10 HMO enrollment, antiselection, changes in law, and other  
11 contingencies that could impact the financial status of the plan.  
12 The Director of the Office of State Finance shall make written  
13 comment on the report and shall provide such comment, along with the  
14 report submitted by the Board, to the Governor, the President Pro  
15 Tempore of the Senate, the Speaker of the House of Representatives  
16 and the Chair of the Oklahoma State Employees Benefits Council by  
17 January 15;

18 17. The Board shall establish a prescription drug card network;

19 18. The Board shall have the authority to intercept monies  
20 owing to plan participants from other state agencies, when those  
21 participants in turn, owe money to the Board. The Board shall be  
22 required to adopt rules and regulations ensuring the participants  
23 due process of law;

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1 19. The Board is authorized to make available to eligible  
2 employees supplemental health care benefit plans to include but not  
3 be limited to long-term care, deductible reduction plans and  
4 employee co-payment reinsurance. Premiums for said plans shall be  
5 actuarially based and the cost for such supplemental plans shall be  
6 paid by the employee;

7 20. Beginning with the plan year which begins on January 1,  
8 2006, the Board shall select and contract with one or more providers  
9 to offer a group TRICARE Supplement product to eligible employees  
10 who are eligible TRICARE beneficiaries. Any membership dues  
11 required to participate in a group TRICARE Supplement product  
12 offered pursuant to this paragraph shall be paid by the employee.  
13 As used in this paragraph, "TRICARE" means the Department of Defense  
14 health care program for active duty and retired uniform service  
15 members and their families;

16 21. There is hereby created as a joint committee of the State  
17 Legislature, the Joint Liaison Committee on State and Education  
18 Employees Group Insurance Benefits, which Joint Committee shall  
19 consist of three members of the Senate to be appointed by the  
20 President Pro Tempore thereof and three members of the House of  
21 Representatives to be appointed by the Speaker thereof. The Chair  
22 and Vice Chair of the Joint Committee shall be appointed from the  
23 membership thereof by the President Pro Tempore of the Senate and

1 the Speaker of the House of Representatives, respectively, one of  
2 whom shall be a member of the Senate and the other shall be a member  
3 of the House of Representatives. At the beginning of the first  
4 regular session of each Legislature, starting in 1991, the Chair  
5 shall be from the Senate; thereafter the chairship shall alternate  
6 every two (2) years between the Senate and the House of  
7 Representatives.

8 The Joint Liaison Committee on State and Education Employees  
9 Group Insurance Benefits shall function as a committee of the State  
10 Legislature when the Legislature is in session and when the  
11 Legislature is not in session. Each appointed member of said  
12 committee shall serve until his or her successor is appointed.

13 The Joint Liaison Committee on State and Education Employees  
14 Group Insurance Benefits shall serve as a liaison with the State and  
15 Education Employees Group Insurance Board regarding advice,  
16 guidance, policy, management, operations, plans, programs and fiscal  
17 needs of said Board. Said Board shall not be bound by any action of  
18 the Joint Committee; and

19 22. The State and Education Employees Group Insurance Board  
20 shall annually collect its own set of performance measures  
21 comparable to the Health Plan Employer Data and Information Set  
22 (HEDIS) for the purpose of assessing the quality of its HealthChoice  
23 plans and the other services it provides.

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1 SECTION 2. This act shall become effective November 1, 2012.

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3 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated  
4 02/16/2012 - DO PASS, As Amended and Coauthored.  
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