

STATE OF OKLAHOMA

2nd Session of the 53rd Legislature (2012)

HOUSE BILL 2747

By: Kirby

AS INTRODUCED

An Act relating to state government; amending 74 O.S. 2011, Section 1316.2, which relates to the State and Education Employees Group Insurance Act; providing for one-time reinstatement for certain persons; requiring Board to provide certain notice upon reinstatement; prohibiting payment of certain amount to employees reacquiring health care coverage; and providing an 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 benefits if the employer does not participate in the plans offered

1 by the State and Education Employees Group Insurance Board, if such
2 election to continue in force is made within thirty (30) days from
3 the date of termination of service or as provided in subsection I of
4 this section. Except as otherwise provided for in Section 840-2.27I
5 of this title and ~~subsection~~ subsections H and I of this section,
6 health and dental insurance coverage may not be reinstated at a
7 later time if the election to continue in force is declined. Vested
8 employees other than education employees who have terminated service
9 and are not receiving benefits and effective July 1, 1996, nonvested
10 persons who have terminated service with more than eight (8) years
11 of participating service with a participating employer, who within
12 thirty (30) days from the date of termination of service elect to
13 continue such coverage, or elect pursuant to subsection I of this
14 section to reinstate 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 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 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 of this section, and

21 d. a retired employee other than an education employee
22 who is receiving benefits from the Uniform Retirement
23 System for Justices and Judges after September 30,
24 1988, shall have One Hundred Five Dollars (\$105.00),

1 or the premium rate of the health insurance plan,
2 whichever is less, paid by the Uniform Retirement
3 System for Justices and Judges to the Board in the
4 manner specified in subsection G of this section.

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

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

19 b. for plans offered by the State and Education Employees
20 Group Insurance Act, the amount to be paid shall be
21 determined pursuant to the provisions of this
22 subsection and shall first be applied in whole or in
23 part to the prescription drug coverage premium. Any
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1 remaining amount shall be applied toward the medical
2 coverage premium,

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

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

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

22 E. Effective July 1, 2004, a retired member of the Oklahoma Law
23 Enforcement Retirement System who retired from the System by means
24 of a personal and traumatic injury of a catastrophic nature and in

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

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

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

1 the insurance premium as provided in this section and pursuant to
2 the rules and enrollment procedures established by the State and
3 Education Employees Group Insurance Board. The former employee
4 shall be subject to the same rate changes as those made available to
5 all other vested or retired participants. The former employee may
6 elect coverage for his or her current dependents if the election is
7 made within thirty (30) days 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, the Oklahoma Police
12 Pension and Retirement System and the Teachers' Retirement System of
13 Oklahoma upon a member's reinstatement of health care coverage so
14 that the retirement system can timely make any applicable payments
15 to the Board. The payment amount authorized by subsection C of this
16 section shall not be authorized for the employees who reacquire
17 health care insurance coverage as authorized by this subsection.

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

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20 53-2-9130 MAH 01/17/12
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January 17, 2012

Representative Dan Kirby
Room 329-B

Re: RBH No. 9130

RBH No. 9130 allows a retired member who does not elect to continue healthcare coverage or later ends coverage to be covered again if the participant is Medicare eligible and made within 30 days of losing coverage. The medical supplement payment, if any, from the retirement system will not be reinstated.

This bill applies to retirees from OPERS, Judges, OLSERS, Police, Firefighters and OTRS.

RBH No. 9130 is a nonfiscal retirement bill as defined by the Oklahoma Pension Legislation Actuarial Analysis Act.

Thomas E. Cummins

Thomas E. Cummins, MAAA