

STATE OF OKLAHOMA

2nd Session of the 53rd Legislature (2012)

HOUSE BILL 3109

By: Hickman

AS INTRODUCED

An Act relating to state government; amending 74 O.S. 2011, Sections 1303, 1304, 1305.1, 1306, 1306.1, 1306.2, 1306.4, 1306.5, 1306.6, 1307, 1307.1, 1307.2, 1307.3, 1308, 1308.1, 1309, 1310, 1310.1, 1310.2, 1311, 1311.1, 1312, 1312.1, 1312.2, 1312.3, 1314.3, 1314.5, 1315, 1315.1, 1316.1, 1316.2, 1316.3, 1317, 1318, 1320, 1321, 1323, 1324, 1325, 1326, 1327, 1328, 1329 and 1329.1, which relate to the State and Education Employees Group Insurance Act; modifying definitions; abolishing Oklahoma State and Education Employees Group Insurance Board; transferring the duties of the Board to the Director of the Office of State Finance; creating State and Education Employees Group Insurance Advisory Board; providing for the selection of members; specifying the selection of individuals representing certain interests; requiring Advisory Board to meet quarterly; specifying the duties of the Director; modifying statutory language to reflect transfer of duties and authority of Board to Director; updating statutory references; updating statutory language; repealing 74 O.S. 2011, Sections 1305 and 1305.2, which relate to the State and Education Employees Group Insurance Act; providing for codification; and providing an effective date.

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

SECTION 1. AMENDATORY 74 O.S. 2011, Section 1303, is amended to read as follows:

1 Section 1303. For the purposes of and as used in the State and
2 Education Employees Group Insurance Act:

3 1. "Board" means the State and Education Employees Group
4 Insurance Advisory Board as created by the State and Education
5 Employees Group Insurance Act;

6 2. "Employee" means those state employees, education employees
7 and other eligible employees participating in the State and
8 Education Employees Group Insurance Act;

9 3. "Education Employee" means those employees other than
10 adjunct professors employed by a state institution of higher
11 education, in the service of an education entity who are members or
12 are or will be eligible to become members of the Teachers'
13 Retirement System of Oklahoma and who receive compensation for such
14 service after the education entity begins to participate in the
15 State and Education Employees Group Insurance Act and visiting
16 faculty who are not eligible for membership in the Teachers'
17 Retirement System of Oklahoma;

18 4. "Adjunct Professor" means a person employed by an
19 institution of higher education who is attached in a subordinate or
20 temporary capacity to the faculty or staff, and who is contracted to
21 instruct in a given specific discipline;

22 5. "Visiting Faculty" means a person employed by an institution
23 of higher education who is not eligible for academic rank or tenure,
24 other than an adjunct professor, and who is contracted to instruct

1 in a given specific discipline generally not to exceed one (1)
2 academic year;

3 6. "Education Entity" means a school district, a technology
4 center school district, or an institution comprising The Oklahoma
5 State System of Higher Education;

6 7. "State Employee" means and includes each officer or employee
7 in the service of the State of Oklahoma who, after January 1, 1966,
8 received compensation for service rendered to the State of Oklahoma
9 on a warrant issued pursuant to a payroll certified by a department
10 or by an elected or duly appointed officer of the state or who
11 receives payment for the performance of personal services on a
12 warrant issued pursuant to a payroll certified by a department and
13 drawn by the State Treasurer against appropriations made by the
14 Legislature from any state fund or against trust funds held by the
15 State Treasurer, who is employed in a position normally requiring
16 actual performance of duty during not less than one thousand (1,000)
17 hours per year, and whose employment is not seasonal or temporary,
18 except that a person elected by popular vote will be considered an
19 employee during the person's tenure in office; provided, however,
20 that employees who are otherwise eligible who are on approved leave
21 without pay shall be eligible to continue coverage during such leave
22 not to exceed twenty-four (24) months, as provided in the Merit
23 Rules for Employment published by the Office of Personnel
24 Management, from the date the employee goes on such leave provided

1 the employee pays the full premiums due or persons who are drawing
2 disability benefits under Section 1331 et seq. of this title or meet
3 each and every requirement of the State Employees Disability Program
4 shall be eligible to continue coverage provided the person pays the
5 full premiums due;

6 8. "Carrier" means the State of Oklahoma or a state designated
7 Health Maintenance Organization (HMO). Such HMO shall be a
8 federally qualified Health Maintenance Organization under 42 U.S.C.,
9 Section 300e et seq.;

10 9. "Health Insurance Plan" means a self-insured plan by the
11 State of Oklahoma for the purpose of paying the cost of hospital and
12 medical care up to the maximum coverage provided by said plan or
13 prepaid medical plan(s) offered to employees as an alternative to
14 the state-administered plan by federally qualified HMOs which have
15 contracted with the state;

16 10. "Life Insurance Plan" means a self-insured plan for the
17 purpose of paying death and dismemberment benefits up to the maximum
18 coverage provided by the plan;

19 11. "Dental Benefits Plan" means a plan by the State of
20 Oklahoma for the purpose of paying the cost of dental care up to the
21 maximum coverage provided by the plan; whenever the term "Dental
22 Insurance Plan" or a term of like import appears in the State and
23 Education Employees Group Insurance Act, the term shall mean "Dental
24 Benefits Plan";

1 12. "Other insurance" means any type of coverage other than
2 basic hospital and medical benefits, major medical benefits,
3 comprehensive benefits, life insurance benefits or dental insurance
4 benefits, which ~~the Board~~ may be ~~directed to offer~~ offered to an
5 employee;

6 13. "Dependent" means an employee's spouse or any unmarried
7 child (1) under the age of twenty-five (25) years, regardless of
8 residence, provided that the employee is primarily responsible for
9 their support, including (a) an adopted child and (b) a stepchild or
10 child who lives with the employee in a regular parent-child
11 relationship, or (2) regardless of age who is incapable of self-
12 support because of mental or physical incapacity that existed prior
13 to reaching the age of twenty-five (25) years;

14 14. "Comprehensive benefits" means benefits which reimburse the
15 expense of hospital room and board, other hospital services, certain
16 outpatient expenses, maternity benefits, surgical expense, including
17 obstetrical care, in-hospital medical care expense, diagnostic
18 radiological and laboratory benefits, physicians' services provided
19 by house and office calls, treatments administered in physicians'
20 office, prescription drugs, psychiatric services, Christian Science
21 practitioners' services, Christian Science nurses' services,
22 optometric medical services for injury or illness of the eye, home
23 health care, home nursing service, hospice care, and such other
24 benefits as may be determined by the ~~Board~~ Director of the Office of

1 State Finance. Such benefits shall be provided on a copayment or
2 coinsurance basis, the insured to pay a proportion of the cost of
3 such benefits, and may be subject to a deductible that applies to
4 all or part of the benefits as determined by the ~~Board~~ Director; and

5 15. "Life insurance coverage" shall include a maximum amount of
6 basic life insurance or benefit with or without a double indemnity
7 provision and an amount of accidental death and dismemberment
8 insurance or benefit per employee to be provided by the State of
9 Oklahoma, and the employee shall have the option to purchase
10 additional life insurance or benefits on the employee's life up to
11 the amount provided by the plan. Such basic life insurance
12 benefits, with or without double indemnity, and accidental death and
13 dismemberment benefits shall not exclude coverage for death or
14 dismemberment resulting from war, insurrection or riot. The ~~Board~~
15 Director may also extend dependent life insurance in an amount to be
16 determined by the ~~Board~~ Director to each insured employee who elects
17 to insure the employee's eligible dependents. Premiums for the
18 dependent life insurance shall be paid wholly by the employee.

19 SECTION 2. AMENDATORY 74 O.S. 2011, Section 1304, is
20 amended to read as follows:

21 Section 1304. ~~(1) There is hereby created the~~ The State and
22 Education Employees Group Insurance Board ~~which shall consist of~~
23 ~~eight (8) members as follows: The State Insurance Commissioner, or~~
24 ~~the Commissioner's designee who shall be an employee of the~~

1 ~~Insurance Department, the Director of the Office of State Finance,~~
2 ~~two members appointed by the Governor, two members appointed by the~~
3 ~~Speaker of the House of Representatives, and two members appointed~~
4 ~~by the President Pro Tempore of the Senate. The appointed members~~
5 ~~shall each receive compensation of Five Hundred Dollars (\$500.00)~~
6 ~~per month. Appointed members who fail to attend a regularly~~
7 ~~scheduled monthly meeting of the Board shall not receive the related~~
8 ~~monthly compensation. In the event an appointed member does not~~
9 ~~attend at least seventy-five percent (75%) of the regularly~~
10 ~~scheduled monthly meetings of the Board during a calendar year, the~~
11 ~~appointing authority may remove the member. A member may also be~~
12 ~~removed for any other cause as provided by law. A vacancy in the~~
13 ~~office of the appointed member shall be filled for the unexpired~~
14 ~~term of office in the same manner as the original appointment is~~
15 hereby abolished. All duties and responsibilities of the Board
16 shall be transferred to the Director of the Office of State Finance
17 effective January 1, 2013.

18 ~~(2) The initial term of office of the members appointed by the~~
19 ~~Governor shall expire on January 14, 1991. The members thereafter~~
20 ~~appointed by the Governor shall serve a term of office of four (4)~~
21 ~~years which is coterminous with the term of office of the office of~~
22 ~~the appointing authority.~~

23 ~~(3) The initial term of office of one of the members appointed~~
24 ~~each by the Speaker of the House of Representatives and by the~~

1 ~~President Pro Tempore of the Senate shall be for the period ending~~
2 ~~June 30, 1992. The initial term of office of the other member~~
3 ~~appointed each by the Speaker of the House of Representatives and by~~
4 ~~the President Pro Tempore of the Senate shall be for the period~~
5 ~~ending June 30, 1994. Thereafter, the term of office of the members~~
6 ~~appointed by the Speaker of the House of Representatives and by the~~
7 ~~President Pro Tempore of the Senate shall be four (4) years.~~

8 ~~(4) The appointed members shall:~~

9 ~~(a) have demonstrated professional experience in investment or~~
10 ~~funds management, public funds management, public or private group~~
11 ~~health or pension fund management, or group health insurance~~
12 ~~management; or~~

13 ~~(b) be licensed to practice law in this state and have~~
14 ~~demonstrated professional experience in commercial matters; or~~

15 ~~(c) be licensed by the Oklahoma Accountancy Board to practice~~
16 ~~in this state as a public accountant or a certified public~~
17 ~~accountant.~~

18 ~~In making appointments that conform to the requirements of this~~
19 ~~subsection, at least one (1) but not more than three (3) members~~
20 ~~shall be appointed each from paragraphs (b) and (c) of this~~
21 ~~subsection by the combined appointing authorities.~~

22 ~~(5) No appointed member of the State and Education Employees~~
23 ~~Group Insurance Board shall be a lobbyist registered in this state~~
24 ~~as provided by law, a health care provider, a plan participant, be~~

1 ~~employed, directly or indirectly, by any insurance company or~~
2 ~~carrier, or health care provider, or be employed directly or~~
3 ~~indirectly, by any firm under contract to the Board for any goods or~~
4 ~~services whatsoever. Provided, however, if an appointed member of~~
5 ~~the Board was a plan participant of any insurance plans offered by~~
6 ~~the Board at the time the member was appointed to serve as a member~~
7 ~~of the Board, and the appointed member of the Board forfeited~~
8 ~~participation in the insurance plans in order to serve on the Board,~~
9 ~~the member of the Board may resume participation in said insurance~~
10 ~~plans upon leaving the Board.~~

11 ~~(6) The State and Education Employees Group Insurance Board~~
12 ~~shall not be subject to the provisions of the Oklahoma Sunset Law,~~
13 ~~Section 3901 et seq. of this title.~~

14 ~~(7) The Attorney General shall furnish the Board with legal~~
15 ~~representation.~~

16 ~~(8) The Court Administrator shall designate grievance panel~~
17 ~~members as shall be necessary. The members of the grievance panel~~
18 ~~shall consist of two attorneys licensed to practice law in this~~
19 ~~state and one state licensed health care professional or health care~~
20 ~~administrator who has at least three (3) years practical experience,~~
21 ~~has had or has admitting privileges to a State of Oklahoma hospital,~~
22 ~~has a working knowledge of prescription medication, or has worked in~~
23 ~~an administrative capacity at some point in their career. The state~~
24 ~~health care professional shall be appointed by the Governor. At the~~

1 ~~Governor's discretion, one or more qualified individuals may also be~~
2 ~~appointed as an alternate to serve on the grievance panel in the~~
3 ~~event the Governor's primary appointee becomes unable to serve.~~

4 ~~(9) The Board shall at its first meeting elect one of its~~
5 ~~members as chair. The chair shall preside over meetings of the~~
6 ~~Board and perform such other duties as may be required by the Board.~~

7 ~~(10) The Board shall elect another member to serve as vice-~~
8 ~~chair who shall perform the duties of the chair in the absence of~~
9 ~~the latter or upon the inability or refusal to act.~~

10 ~~(11) The Board shall also elect a secretary who shall keep~~
11 ~~minutes of all meetings and who shall certify to actions of the~~
12 ~~Board.~~

13 ~~(12) The Board shall adopt rules requiring payment for medical~~
14 ~~and dental services and treatment rendered by duly licensed~~
15 ~~hospitals, physicians and dentists. Unless the Board has otherwise~~
16 ~~contracted with the out-of-state health care provider, the Board~~
17 ~~shall reimburse for medical services and treatment rendered and~~
18 ~~charged by an out-of-state health care provider at least at the same~~
19 ~~percentage level as the network percentage level of the fee schedule~~
20 ~~established by the State and Education Employees Group Insurance~~
21 ~~Board if the insured employee was referred to the out-of-state~~
22 ~~health care provider by a physician or it was an emergency situation~~
23 ~~and the out-of-state provider was the closest in proximity to the~~
24 ~~place of residence of the employee which offers the type of health~~

1 ~~care services needed. For purposes of this paragraph, health care~~
2 ~~providers shall include, but not be limited to, physicians,~~
3 ~~dentists, hospitals and special care facilities.~~

4 ~~(13) The Board may contract with a pay-for-performance program~~
5 ~~provider. The contract shall be with a group practice of a medical~~
6 ~~school with at least three hundred fifty providers in its panel for~~
7 ~~a statistically significant demonstration project among employee~~
8 ~~enrollees that select to participate in the program. The purpose of~~
9 ~~the program is to test a program's value proposition that offers~~
10 ~~financial incentives to both the health care provider and the~~
11 ~~patient for incorporating evidence-based medicine guidelines and~~
12 ~~information therapy prescriptions in the rendering and utilizing of~~
13 ~~health care. This program must offer the health care provider the~~
14 ~~flexibility to use the health care provider's clinical judgment to~~
15 ~~adhere to or deviate from the program's guidelines and still receive~~
16 ~~a financial incentive as long as the health care provider prescribes~~
17 ~~information therapy to the patient. The program shall offer a~~
18 ~~financial reward to the patient for responding to the information~~
19 ~~therapy prescription by demonstrating the patient's understanding of~~
20 ~~the patient's health condition, by demonstrating adherence to~~
21 ~~recommended care, and by judging the quality of care given to the~~
22 ~~patient against these guidelines. The program shall be offered and~~
23 ~~administered through an Internet application. This demonstration~~

1 ~~project shall collect and analyze data over a period of two (2)~~
2 ~~years in order to determine its effectiveness.~~

3 ~~(14) The State and Education Employees Group Insurance Board~~
4 ~~may enter into a contract with out-of-state providers in connection~~
5 ~~with any PPO or hospital or medical network plan which shall~~
6 ~~include, but not be limited to, special care facilities and~~
7 ~~hospitals outside the borders of the State of Oklahoma. The~~
8 ~~contract for out-of-state providers shall be identical to the in-~~
9 ~~state provider contracts. The State and Education Employees Group~~
10 ~~Insurance Board may negotiate for discounts from billed charges when~~
11 ~~the out-of-state provider is not a network provider and the member~~
12 ~~sought services in an emergency situation, when the services were~~
13 ~~not otherwise available in the State of Oklahoma or when the~~
14 ~~Administrator approved the service as an exceptional circumstance.~~

15 ~~(15) The Administrator shall appoint an advisory committee to~~
16 ~~the State and Education Employees Group Insurance Board. The~~
17 ~~advisory committee shall consist of seven (7) members. Of the~~
18 ~~members appointed to the advisory committee, at least one member~~
19 ~~must be an active state employee, at least one member must be a~~
20 ~~retired state employee, at least one member must be an active~~
21 ~~education employee, at least one member must be a retired education~~
22 ~~employee, and at least one member must be either an active county~~
23 ~~employee or a retired county employee.~~

1 SECTION 3. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 1304.1 of Title 74, unless there
3 is created a duplication in numbering, reads as follows:

4 A. Effective January 1, 2013, there is hereby created the State
5 and Education Employees Group Insurance Advisory Board. The Board
6 shall consist of a number of members to be determined and selected
7 by the Director of the Office of State Finance. The Director shall
8 appoint to the Board individuals representing the interests of state
9 employees, individuals representing the interests of educational
10 employees, individuals representing the interests of county
11 government, individuals representing the interests of physicians and
12 healthcare providers, and individuals representing the interests of
13 pharmacies and pharmacists.

14 B. The State and Education Employees Group Insurance Advisory
15 Board shall meet quarterly and shall provide written reports to the
16 Director of the Office of State Finance upon request or as
17 established by the Director.

18 SECTION 4. AMENDATORY 74 O.S. 2011, Section 1305.1, is
19 amended to read as follows:

20 Section 1305.1 (1) ~~The State and Education Employees Group~~
21 ~~Insurance Board~~ Director of the Office of State Finance shall
22 discharge ~~their~~ duties with respect to the State and Education
23 Employees Group Insurance Act, the State Employees Flexible Benefits
24

1 Act and the State Employees Disability Program Act solely in the
2 interest of said Acts and:

3 (a) for the exclusive purpose of:

4 (i) providing benefits to the participants and their
5 dependents, and

6 (ii) defraying reasonable expenses of administering the
7 State and Education Employees Group Insurance Act, the
8 State Employees Flexible Benefits Act and the State
9 Employees Disability Program Act;

10 (b) with the care, skill, prudence, and diligence under the
11 circumstances then prevailing that a prudent person acting in a like
12 capacity and familiar with such matters would use in the conduct of
13 an enterprise of a like character and with like aims;

14 (c) by diversifying investments so as to minimize the risk of
15 large losses, unless under the circumstances it is clearly prudent
16 not to do so; and

17 (d) in accordance with the laws, documents and instruments
18 governing the State and Education Employees Group Insurance Act, the
19 State Employees Flexible Benefits Act and the State Employees
20 Disability Program Act.

21 (2) The monies received by the ~~State and Education Employees~~
22 ~~Group Insurance Board~~ Director of the Office of State Finance shall
23 be invested only in assets eligible for the investment of funds of
24 legal reserve life insurance companies in this state as provided for

1 in Sections 1602 through 1611, 1613 through 1620, and 1622 through
2 1624 of Title 36 of the Oklahoma Statutes. The term admitted assets
3 shall mean the amount of the monies received by the ~~Board~~ Director
4 and the provisions relating to limitation of investments as a
5 percentage of surplus and loans to policyholders shall be
6 inapplicable with respect to investment of the monies received by
7 the ~~Board~~ Director.

8 (3) The ~~Board~~ Director may procure insurance indemnifying the
9 ~~members of the Board~~ Director from personal loss or accountability
10 from liability resulting from ~~a member's~~ the Director's action or
11 inaction ~~as a member of the Board~~.

12 (4) The ~~Board~~ Director may establish an investment committee.
13 The investment committee shall be ~~composed of not more than five (5)~~
14 ~~members of the Board appointed by the chairman of the Board~~ selected
15 by the Director. The committee shall make recommendations to the
16 ~~full Board~~ Director on all matters related to the choice of
17 custodians and managers of the assets of the ~~Board~~ Director of the
18 Office of State Finance, on the establishment of investment and fund
19 management guidelines, and in planning future investment policy.
20 The committee shall have no authority to act on behalf of the ~~Board~~
21 Director in any circumstances whatsoever. No recommendation of the
22 committee shall have effect as an action of the ~~Board~~ Director nor
23 take effect without the approval of the ~~Board as provided by law~~
24 Director.

1 (5) The ~~Board~~ Director shall retain qualified investment
2 managers to provide for the investment of the monies received by the
3 ~~Board~~ Director. The investment managers shall be chosen by a
4 solicitation of proposals on a competitive bid basis pursuant to
5 standards set by the ~~Board~~ Director. Subject to the overall
6 investment guidelines set by the ~~Board~~ Director, the investment
7 managers shall have full discretion in the management of those
8 monies of the ~~Board~~ Director allocated to the investment managers.
9 The ~~Board~~ Director shall manage those monies not specifically
10 allocated to the investment managers. The monies of the ~~Board~~
11 Director allocated to the investment managers shall be actively
12 managed by the investment managers, which may include selling
13 investments and realizing losses if such action is considered
14 advantageous to longer term return maximization. Because of the
15 total return objective, no distinction shall be made for management
16 and performance evaluation purposes between realized and unrealized
17 capital gains and losses.

18 (6) Funds and revenues for investment by the investment
19 managers or the ~~Board~~ Director shall be placed with a custodian
20 selected by the ~~Board~~ Director. The custodian shall be a bank or
21 trust company offering pension fund master trustee and master
22 custodial services. The custodian shall be chosen by a solicitation
23 of proposals on a competitive bid basis pursuant to standards set by
24 the ~~Board~~ Director. In compliance with the investment policy

1 guidelines of the ~~Board~~ Director, the custodian bank or trust
2 company shall be contractually responsible for ensuring that all
3 monies of the ~~Board~~ Director are invested in income-producing
4 investment vehicles at all times. If a custodian bank or trust
5 company has not received direction from the investment managers of
6 the ~~Board~~ Director as to the investment of the monies of the ~~Board~~
7 Director in specific investment vehicles, the custodian bank or
8 trust company shall be contractually responsible to the ~~Board~~
9 Director for investing the monies in appropriately collateralized
10 short-term interest-bearing investment vehicles.

11 (7) By November 1, 1989, and prior to August 1 of each year
12 thereafter, the ~~Board~~ Director shall develop a written investment
13 plan for the monies received by the ~~Board~~ Director.

14 (8) The Administrator shall compile a quarterly financial
15 report of all the funds of the ~~Board~~ Director on a calendar year
16 basis. The report shall be compiled pursuant to uniform reporting
17 standards prescribed by the Insurance Commissioner for all domestic
18 insurance companies. The report shall include several relevant
19 measures of investment value, including acquisition cost and current
20 fair market value with appropriate summaries of total holdings and
21 returns. The report shall contain combined and individual rate of
22 returns of the investment managers by category of investment, over
23 periods of time. The report shall be distributed to the Governor,
24

1 the Legislative Service Bureau and the Joint Committee on Fiscal
2 Operations.

3 SECTION 5. AMENDATORY 74 O.S. 2011, Section 1306, is
4 amended to read as follows:

5 Section 1306. ~~The State and Education Employees Group Insurance~~
6 ~~Board~~ Effective January 1, 2013, the Director of the Office of State
7 Finance shall administer and manage the group insurance plans and
8 the flexible benefits plan and, subject to the provisions of the
9 State and Education Employees Group Insurance Act and the State
10 Employees Flexible Benefits Act, shall have the following powers and
11 duties:

12 1. The preparation of specifications for such insurance plans
13 as the ~~Board~~ Director may determine to be appropriate;

14 2. The authority and duty to request bids through the
15 Purchasing Division of the Department of Central Services for a
16 contract to be the claims administrator for all or any part of such
17 insurance and benefit plans as the ~~Board~~ Director may offer;

18 3. The determination of the methods of claims administration
19 under such insurance and benefit plans as the ~~Board~~ Director may
20 offer;

21 4. The determination of the eligibility of employees and their
22 dependents to participate in each of the Group Insurance Plans and
23 in such other insurance and benefit plans as the ~~Board~~ Director may
24 offer and the eligibility of employees to participate in the Life

1 Insurance Plan provided that evidence of insurability shall not be a
2 requirement in determining an employee's initial eligibility;

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

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

24

1 shall cause a full stenographic record of the proceedings to be made
2 by a competent court reporter at the insured employee's expense;

3 7. The continuing study of the operation of such insurance and
4 benefit plans as the ~~Board~~ Director may offer including such matters
5 as gross and net costs, administrative costs, benefits, utilization
6 of benefits, and claims administration;

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

10 9. The auditing of the claims paid pursuant to the provisions
11 of the State and Education Employees Group Insurance Act, the State
12 Employees Flexible Benefits Act and the State Employees Disability
13 Program Act;

14 10. a. To select and contract with federally qualified Health
15 Maintenance Organizations under the provisions of 42
16 U.S.C., Section 300e et seq. or with Health
17 Maintenance Organizations granted a certificate of
18 authority by the Insurance Commissioner pursuant to
19 Sections 6901 through 6951 of Title 36 of the Oklahoma
20 Statutes for consideration by employees as an
21 alternative to the state self-insured health plan, and
22 to transfer to the HMOs such funds as may be approved
23 for an employee electing HMO alternative services.
24 The ~~Board~~ Director may also select and contract with a

1 vendor to offer a point-of-service plan. An HMO may
2 offer coverage through a point-of-service plan,
3 subject to the guidelines established by the ~~Board~~
4 Director. However, if the ~~Board~~ Director chooses to
5 offer a point-of-service plan, then a vendor that
6 offers both an HMO plan and a point-of-service plan
7 may choose to offer only its point-of-service plan in
8 lieu of offering its HMO plan.

9 b. Benefit plan contracts with the ~~State and Education~~
10 ~~Employees Group Insurance Board~~ Director, Health
11 Maintenance Organizations, and other third-party
12 insurance vendors shall provide for a risk adjustment
13 factor for adverse selection that may occur, as
14 determined by the ~~Board~~ Director, based on generally
15 accepted actuarial principles. The risk adjustment
16 factor shall include all members participating in the
17 plans offered by the ~~State and Education Employees~~
18 ~~Group Insurance Board~~ Director. The Oklahoma State
19 Employees Benefits Council shall contract with an
20 actuary to provide the above actuarial services, and
21 shall be reimbursed for these contract expenses by the
22 ~~Board~~ Director.

23 c. Effective for the plan year beginning January 1, 2007,
24 and for each year thereafter, in setting health

1 insurance premiums for active employees and for
2 retirees under sixty-five (65) years of age, HMOs,
3 self-insured organizations and prepaid plans shall set
4 the monthly premium for active employees to be equal
5 to the premium for retirees under sixty-five (65)
6 years of age;

7 11. To contract for reinsurance, catastrophic insurance, or any
8 other type of insurance deemed necessary by the ~~Board~~ Director.

9 Provided, however, that the ~~Board~~ Director shall not offer a health
10 plan which is owned or operated by the state and which utilizes a
11 capitated payment plan for providers which uses a primary care
12 physician as a gatekeeper to any specialty care provided by
13 physician-specialists, unless specifically authorized by the
14 Legislature;

15 12. The ~~Board~~ Director, pursuant to the provisions of ~~Section~~
16 Sections 250 et seq. through 323 of Title 75 of the Oklahoma
17 Statutes, shall adopt such rules consistent with the provisions of
18 the State and Education Employees Group Insurance Act as ~~it~~ the
19 Director deems necessary to carry out ~~its~~ statutory duties and
20 responsibilities. Emergency Rules adopted by the ~~Board~~ Director and
21 approved by the Governor which are in effect on the first day of the
22 Regular Session of the Oklahoma Legislature shall not become null
23 and void until January 15 of the subsequent calendar year;

1 13. The ~~Board~~ Director shall contract for claims administration
2 services with a private insurance carrier or a company experienced
3 in claims administration of any insurance that the ~~Board~~ Director
4 may be directed to offer. No contract for claims administration
5 services shall be made unless such contract has been offered for
6 bids through the Purchasing Division of the Department of Central
7 Services. The ~~Board~~ Director shall contract with a private
8 insurance carrier or other experienced claims administrator to
9 process claims with software that is normally used for its
10 customers;

11 14. The ~~Board~~ Director shall contract for utilization review
12 services with a company experienced in utilization review, data base
13 evaluation, market research, and planning and performance of the
14 health insurance plan;

15 15. The ~~Board~~ Director shall have the authority to determine
16 all rates and life, dental and health benefits. Except as otherwise
17 provided for in Section 1321 of this title, the ~~Board~~ Director shall
18 not have the authority to adjust the premium rates after approval.
19 The ~~Board~~ Director shall submit notice of the amount of employee
20 premiums and dependent premiums along with an actuarial projection
21 of the upcoming fiscal year's enrollment, employee contributions,
22 employer contributions, investment earnings, paid claims, internal
23 expenses, external expenses and changes in liabilities to the
24 Director of the ~~Office of State Finance and the Director of the~~

1 Legislative Service Bureau no later than March 1 of the previous
2 fiscal year.

3 Effective for the plan year beginning January 1, 2007, and for
4 each plan year thereafter, in setting health insurance premiums for
5 active employees and retirees under sixty-five (65) years of age,
6 the ~~Board~~ Director shall set the monthly premium for active
7 employees to be equal to the monthly premium for retirees under
8 sixty-five (65) years of age;

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

24

1 17. The ~~Board~~ Director shall establish a prescription drug card
2 network;

3 18. The ~~Board~~ Director shall have the authority to intercept
4 monies owing to plan participants from other state agencies, when
5 those participants in turn, owe money to the ~~Board~~ Director. The
6 ~~Board~~ Director shall be required to adopt rules and regulations
7 ensuring the participants due process of law;

8 19. The ~~Board~~ Director is authorized to make available to
9 eligible employees supplemental health care benefit plans to include
10 but not be limited to long-term care, deductible reduction plans and
11 employee co-payment reinsurance. Premiums for said plans shall be
12 actuarially based and the cost for such supplemental plans shall be
13 paid by the employee;

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

23 21. There is hereby created as a joint committee of the State
24 Legislature, the Joint Liaison Committee on State and Education

1 Employees Group Insurance Benefits, which Joint Committee shall
2 consist of three members of the Senate to be appointed by the
3 President Pro Tempore thereof and three members of the House of
4 Representatives to be appointed by the Speaker thereof. The Chair
5 and Vice Chair of the Joint Committee shall be appointed from the
6 membership thereof by the President Pro Tempore of the Senate and
7 the Speaker of the House of Representatives, respectively, one of
8 whom shall be a member of the Senate and the other shall be a member
9 of the House of Representatives. At the beginning of the first
10 regular session of each Legislature, starting in 1991, the Chair
11 shall be from the Senate; thereafter the chairship shall alternate
12 every two (2) years between the Senate and the House of
13 Representatives.

14 The Joint Liaison Committee on State and Education Employees
15 Group Insurance Benefits shall function as a committee of the State
16 Legislature when the Legislature is in session and when the
17 Legislature is not in session. Each appointed member of said
18 committee shall serve until his or her successor is appointed.

19 The Joint Liaison Committee on State and Education Employees
20 Group Insurance Benefits shall serve as a liaison with the ~~State and~~
21 ~~Education Employees Group Insurance Board~~ Director regarding advice,
22 guidance, policy, management, operations, plans, programs and fiscal
23 needs of ~~said Board~~ the Director. ~~Said Board~~ The Director shall not
24 be bound by any action of the Joint Committee; and

1 22. ~~The State and Education Employees Group Insurance Board~~
2 Director shall annually collect ~~its own~~ a set of performance
3 measures comparable to the Health Plan Employer Data and Information
4 Set (HEDIS) for the purpose of assessing the quality of its
5 HealthChoice plans and the other services it provides.

6 SECTION 6. AMENDATORY 74 O.S. 2011, Section 1306.1, is
7 amended to read as follows:

8 Section 1306.1 A. The ~~Board~~ Director of the Office of State
9 Finance shall have the right of subrogation to recover any payments
10 made for injury to an employee or dependent caused by a third
11 party's wrongful act or negligence. The ~~Board, the Administrator or~~
12 ~~the Board's attorney~~ Director shall have the authority to waive or
13 reduce subrogation in individual cases when the exercise of the
14 right of subrogation would create an extreme financial hardship on
15 the employee or dependent.

16 B. Subrogation will exist only to the extent of actual claims
17 paid.

18 C. If an employee or dependent has prejudiced the ~~Board's~~
19 Director's right of subrogation by releasing the responsible party
20 prior to submitting claims to the ~~Board~~ Director, ~~such~~ the claims
21 may be denied by the ~~Board~~ Director. If claims are submitted and
22 paid after the employee or dependent has released the responsible
23 party, the ~~Board~~ Director shall be entitled to bring an action
24 against the employee, dependent, or their assignees, for any such

1 claims paid and for additional costs incurred by the ~~Board~~ Director
2 including, but not limited to: interest, administrative and
3 adjudicative costs, and ~~attorney's~~ attorney fees.

4 SECTION 7. AMENDATORY 74 O.S. 2011, Section 1306.2, is
5 amended to read as follows:

6 Section 1306.2 A. The ~~State and Education Employees Group~~
7 ~~Insurance Board~~ Director of the Office of State Finance shall submit
8 to the Insurance Commissioner the following information regarding
9 utilization review performed by employees of the ~~board~~ Director:

10 1. A utilization review plan that includes:

11 a. an adequate summary description of review standards,
12 protocol and procedures to be used in evaluating
13 proposed or delivered hospital and medical care,

14 b. assurances that the standards and criteria to be
15 applied in review determinations are established with
16 input from health care providers representing major
17 areas of specialty and certified by the boards of the
18 various American medical specialties, and

19 c. the provisions by which patients or health care
20 providers may seek reconsideration or appeal of
21 adverse decisions concerning requests for medical
22 evaluation, treatment or procedures;

23 2. The type and qualifications of the personnel either employed
24 or under contract to perform the utilization review;

1 3. The procedures and policies to ensure that an employee of
2 the ~~board~~ Director is reasonably accessible to patients and health
3 care providers five (5) days a week during normal business hours,
4 such procedures and policies to include as a requirement a toll-free
5 telephone number to be available during said business hours;

6 4. The policies and procedures to ensure that all applicable
7 state and federal laws to protect the confidentiality of individual
8 medical records are followed;

9 5. The policies and procedures to verify the identity and
10 authority of personnel performing utilization review by telephone;

11 6. A copy of the materials designed to inform applicable
12 patients and health care providers of the requirements of the
13 utilization review plan;

14 7. The procedures for receiving and handling complaints by
15 patients, hospitals and health care providers concerning utilization
16 review; and

17 8. Procedures to ensure that after a request for medical
18 evaluation, treatment, or procedures has been rejected in whole or
19 in part and in the event a copy of the report on said rejection is
20 requested, a copy of the report of the personnel performing
21 utilization review concerning the rejection shall be mailed by the
22 insurer, postage prepaid, to the ill or injured person, the treating
23 health care provider, hospital or to the person financially
24

1 responsible for the patient's bill within fifteen (15) days after
2 receipt of the request for the report.

3 B. The ~~Board~~ Director shall pay an annual fee to the Insurance
4 Commissioner of Five Hundred Dollars (\$500.00).

5 SECTION 8. AMENDATORY 74 O.S. 2011, Section 1306.4, is
6 amended to read as follows:

7 Section 1306.4 A. By October 1, 2000, the Board shall
8 implement a pilot disease management program. The purpose of the
9 program shall be to reduce cost in the three most costly disease
10 categories. Such program is to continue until July 1, 2003.

11 B. Beginning January 1, 2002, and each year of the life of the
12 program, the ~~Board~~ Director of the Office of State Finance shall
13 give the Legislature an annual report concerning cost reduction
14 measures implemented in the disease management program.

15 C. The ~~Board~~ Director shall promulgate such rules as necessary
16 to implement the provisions of this section.

17 SECTION 9. AMENDATORY 74 O.S. 2011, Section 1306.5, is
18 amended to read as follows:

19 Section 1306.5 A network provider facility or physician
20 contract, or any part or section of it, may be amended at any time
21 during the term of the contract only by mutual written consent of
22 duly authorized representatives of the ~~State and Education Employees~~
23 ~~Group Insurance Board~~ Director of the Office of State Finance and
24 the facility or physician.

1 SECTION 10. AMENDATORY 74 O.S. 2011, Section 1306.6, is
2 amended to read as follows:

3 Section 1306.6 ~~The State and Education Employees Group~~
4 ~~Insurance Board~~ Director of the Office of State Finance, in
5 accordance with administering the Medical Expense Liability
6 Revolving Fund pursuant to Section 4 746.1 of ~~this act~~ Title 19 of
7 the Oklahoma Statutes, shall employ, appoint, or otherwise designate
8 the necessary personnel to carry out the duties of the fund.

9 SECTION 11. AMENDATORY 74 O.S. 2011, Section 1307, is
10 amended to read as follows:

11 Section 1307. A. The specifications drawn by the ~~Board~~
12 Director of the Office of State Finance for the Health Insurance
13 Plan shall provide for comprehensive hospital medical and surgical
14 benefits. The Health Insurance Plan may limit coverage for a
15 particular illness, disease, injury or condition; but, except for
16 such limits, shall not exclude or limit particular services or
17 procedures that can be provided for the diagnosis and treatment of
18 an illness, disease, injury or condition, so long as the services
19 and procedures provided are of sound efficacy, are medically
20 necessary, and fall within the licensed scope of practice of the
21 practitioner providing same. The Health Insurance Plan may contract
22 with providers for specific services based on levels of outcomes
23 defined by the ~~State and Education Employees Group Insurance Board~~
24 Director and achieved by the provider. The Health Insurance Plan

1 may provide for the application of deductibles and copayment or
2 coinsurance provisions, when equally applied to all covered charges
3 for services and procedures that can be provided by any practitioner
4 for the diagnosis and treatment of a particular illness, disease,
5 injury or condition unless deductibles, copayments or coinsurance
6 variations are based on contracts with providers for specific
7 services based on levels of outcomes.

8 B. The Life Insurance Plan shall include Accidental Death and
9 Dismemberment Benefits and additional optional life insurance
10 coverage.

11 SECTION 12. AMENDATORY 74 O.S. 2011, Section 1307.1, is
12 amended to read as follows:

13 Section 1307.1 No employee or dependent who participates in a
14 HMO through the State Employees Group Insurance Act shall be denied
15 the right of changing ~~his~~ the primary care physician to any other
16 primary care physician within the HMO. The employee or dependent
17 shall notify the HMO in writing of any change in ~~his~~ the choice of
18 primary care physician forty-five (45) days in advance of ~~such~~ the
19 change by certified mail with return receipt requested. Any such
20 change in a primary care physician shall not be subject to the
21 approval of the HMO, the ~~State Employees Group Insurance Board~~
22 Director of the Office of State Finance or state agency.

23 SECTION 13. AMENDATORY 74 O.S. 2011, Section 1307.2, is
24 amended to read as follows:

1 Section 1307.2 On and after November 1, 1996, the ~~State and~~
2 ~~Education Employees Group Insurance Board~~ Director of the Office of
3 State Finance shall include coverage for equipment, supplies and
4 related services for the treatment of Type I, Type II, and
5 gestational diabetes as provided by and pursuant to the provisions
6 of Section ~~4~~ 6060.2 of ~~this act~~ Title 36 of the Oklahoma Statutes.

7 SECTION 14. AMENDATORY 74 O.S. 2011, Section 1307.3, is
8 amended to read as follows:

9 Section 1307.3 Unless the ~~Board~~ Director of the Office of State
10 Finance has otherwise contracted with an out-of-state provider, the
11 ~~Board Director~~ shall pay for medical services and treatment rendered
12 by an out-of-state provider at the same level paid to an in-state
13 provider if the insured was referred to the out-of-state provider by
14 a physician or it was an emergency situation and the out-of-state
15 provider which offers the type of services needed is the closest
16 provider in proximity to the place of residence of the employee.

17 SECTION 15. AMENDATORY 74 O.S. 2011, Section 1308, is
18 amended to read as follows:

19 Section 1308. (1) Any employee eligible for membership in the
20 Health Insurance Plan, Dental Insurance Plan or Life Insurance Plan
21 upon its effective date shall be enrolled in the plan unless ~~he or~~
22 ~~she~~ the employee elects not to be enrolled within thirty (30) days
23 of ~~such~~ the effective dates. The employee shall be advised of
24 Health Maintenance Organization prepaid plans available as an

1 alternative to the state self-insured Health Insurance Plan. The
2 ~~Board~~ Director of the Office of State Finance shall establish the
3 procedure by which eligible employees not electing to be enrolled
4 initially in the Health Insurance Plan, Dental Insurance Plan or
5 Life Insurance Plan may be subsequently enrolled.

6 (2) Any eligible employee who is employed after the effective
7 dates of the Health Insurance Plan, Dental Insurance Plan and Life
8 Insurance Plan or HMO plans approved by the ~~Board~~ Director may
9 become enrolled on the first day of the second month of employment.

10 SECTION 16. AMENDATORY 74 O.S. 2011, Section 1308.1, is
11 amended to read as follows:

12 Section 1308.1 (1) An educational entity may extend the
13 benefits of the health insurance plan, the dental insurance plan,
14 and the life insurance plan to education employees employed by ~~said~~
15 the entity. The benefits of ~~said~~ the plans for an education
16 employee shall be the same and shall include the same plan options
17 as would be made available to a state employee participating in the
18 plan that resided at the same location. Notwithstanding the
19 provisions of Section 1308.2 of this title, a period shall exist for
20 enrolling education entities from April 1, 1989 through October 1,
21 1991, whereby education employees of a participating education
22 entity may be enrolled, pursuant to this act, during the entities'
23 initial enrollment period, regardless of preexisting conditions.
24 The ~~Board~~ Director of the Office of State Finance shall adopt rules

1 and regulations for enrollment by which education entities may apply
2 to participate in ~~said~~ the insurance plans. Once an education
3 entity becomes a participant in the health and dental insurance
4 plans offered through the State and Education Employees Group
5 Insurance Act, the education entity may withdraw from ~~said~~
6 participation, in a manner prescribed by the ~~Board~~ Director. If a
7 school district is participating in the health and dental insurance
8 plans pursuant to the State and Education Employees Group Insurance
9 Act, ~~Section~~ Sections 1301 ~~et seq.~~ through 1329.1 of this title, the
10 employees of the school district who are eligible to participate in
11 the health and dental plans, at such time as the school district may
12 withdraw from such participation, may require the board of education
13 of the school district to call an election to allow ~~said~~ the
14 employees to vote as to whether the school district shall continue
15 participation in the health and dental insurance plans offered
16 through the State and Education Employees Group Insurance Act. Upon
17 the filing with the board of education of a petition calling for
18 such an election which is signed by no less than thirty percent
19 (30%) of the eligible employees of the school district, the board of
20 education shall call an election for the purpose of determining
21 whether the school district shall continue participation in the
22 health and dental insurance plans offered through the State and
23 Education Employees Group Insurance Act. The election shall be held
24 within thirty (30) days of the filing of the petition. If a

1 majority of those eligible employees voting at the election vote to
2 continue participation in the health and dental insurance plans
3 offered through the State and Education Employees Group Insurance
4 Act, the board of education shall be prohibited from withdrawing the
5 school district from such participation. If a majority of those
6 eligible employees voting at the election vote against continued
7 participation in the health and dental insurance plans offered
8 through the State and Education Employees Group Insurance Act, the
9 board of education of the school district shall apply to discontinue
10 such participation within thirty (30) days of the election and
11 within the times the school district is authorized to withdraw from
12 participation in accordance with rules established for withdrawal by
13 the ~~State and Education Employees Group Insurance Board~~ Director.

14 (2) Except as otherwise provided in this subsection, when an
15 education entity participates in the health and dental insurance
16 plans offered through the State and Education Employees Group
17 Insurance Act, all employees shall be advised of Health Maintenance
18 Organizations prepaid plans available as an alternative to the state
19 self-insured health insurance plan. Eligible part-time education
20 employees, at the option of the employee, may enroll in the plans
21 either at the time the education entity begins participation in the
22 plans or, if later, upon a showing of insurability to the
23 satisfaction of the ~~Board~~ Director.

24

1 (3) Any employee of an education entity participating in the
2 health and dental insurance plans offered through the State and
3 Education Employees Group Insurance Act who is employed after the
4 education entity began said participation may be enrolled in the
5 health and dental insurance plans or HMO plans approved by the ~~Board~~
6 Director on the first day of the second month of employment.

7 (4) Upon initial enrollment of an institution of higher
8 education to participate in the health and dental insurance plans
9 offered through the State and Education Employees Group Insurance
10 Act, all individuals presently insured by said institution's present
11 group health insurance plan shall become enrolled in said state
12 plans for the remaining period of said institution's contractual
13 liabilities.

14 (5) Education employees who shall be absent from the teaching
15 service because of election or appointment as a local, state, or
16 national education association officer shall be allowed to retain
17 coverage pursuant to the State and Education Employees Group
18 Insurance Act upon the payment of the full cost of the coverage at
19 the rate and under such terms and conditions established by the
20 ~~Board~~ Director.

21 (6) Except as otherwise provided by law, an educational entity
22 may cease to participate in the State and Education Employees Group
23 Insurance Act but provide health insurance coverage through another
24 insurance carrier. The subsequent carrier shall provide coverage to

1 the employees of the educational entity who terminated employment
2 with a retirement benefit, with a vested benefit, or who have ten
3 (10) or more years of service with a participating educational
4 entity but did not have a vested benefit through the retirement
5 system of the educational entity, if the election to retain health
6 insurance coverage was made within thirty (30) days of termination
7 of employment. Coverage shall also be provided to the eligible
8 dependents of the employees if an election to retain coverage is
9 made within thirty (30) days of termination of employment.

10 SECTION 17. AMENDATORY 74 O.S. 2011, Section 1309, is
11 amended to read as follows:

12 Section 1309. A. Any eligible employee may elect to have a
13 dependent or dependents of the employee covered by the Health
14 Insurance Plan and Dental Insurance Plan or by any available Health
15 Maintenance Organization (HMO) approved by the ~~Board~~ Director of the
16 Office of State Finance. The employee may elect to cover all
17 dependent children and not elect to cover the spouse of the
18 employee. Such election shall be made at the time the employee
19 becomes enrolled in the Plan, under such procedures as the ~~Board~~
20 Director may establish. If dependent coverage is not elected or if
21 the employee elects to cover all dependent children and not the
22 spouse of the employee at the time an employee becomes enrolled in
23 the Plan, dependent coverage or coverage for the spouse cannot be
24 elected until the next enrollment period or until a qualifying event

1 has occurred as established by the ~~Board~~ Director. Such subsequent
2 election of dependent coverage shall be made under such conditions
3 as the ~~Board~~ Director may impose. If electing not to cover the
4 spouse, the employee shall submit a statement signed by both the
5 employee and the spouse acknowledging their choice not to provide
6 insurance coverage for the spouse under the Health Insurance Plan
7 and Dental Insurance Plan or approved HMO plans.

8 B. Any employee with dependent coverage, as provided in this
9 section, who has a change in the number of dependents may at the
10 time of such change increase or decrease the number of dependents
11 covered by the Health Insurance Plan and Dental Insurance Plan or
12 approved HMO plans, under procedures established by the ~~Board~~
13 Director.

14 C. Any employee who has no eligible dependents at the time the
15 employee becomes enrolled may elect dependent coverage at the time
16 the dependency status of the employee changes under procedures
17 established by the ~~Board~~ Director.

18 SECTION 18. AMENDATORY 74 O.S. 2011, Section 1310, is
19 amended to read as follows:

20 Section 1310. A. Except as provided in subsection B of this
21 section, each state agency participating in the Group Insurance
22 Plans shall appropriate and pay to the appropriate reserve fund an
23 amount to be set by the ~~State and Education Employees Group~~
24 ~~Insurance Board~~ Director of the Office of State Finance for each

1 employee other than education employees per month enrolled in said
2 Plans, from funds appropriated to said agency or from other funds
3 available to such agency for operational purposes.

4 B. During the fiscal year ending June 30, 1997, each state
5 agency participating in the Group Insurance Plans shall appropriate
6 and pay to the State Employees Group Insurance Clearing Fund an
7 amount to be set by the ~~State and Education Employees Group~~
8 ~~Insurance Board~~ Director for each employee other than education
9 employees per month enrolled in said Plans, from funds appropriated
10 to said agency or from other funds available to such agency for
11 operational purposes.

12 SECTION 19. AMENDATORY 74 O.S. 2011, Section 1310.1, is
13 amended to read as follows:

14 Section 1310.1 A. If a certified employee elects health care
15 coverage under a plan offered by a school district, including a plan
16 offered by the ~~State and Education Employees Group Insurance Board~~
17 Director of the Office of State Finance or a self-insured plan
18 offered by the school district, then a school district shall pay for
19 the fiscal year ending June 30, 2005, and each fiscal year
20 thereafter, no less than one hundred percent (100%) of the premium
21 amount for the HealthChoice (HI) option plan for an individual
22 offered by the ~~State and Education Employees Group Insurance Board~~
23 Director.

24

1 The amount a school district is required to pay pursuant to this
2 subsection shall be reduced by the flexible benefit allowance
3 provided for in Section 26-105 of Title 70 of the Oklahoma Statutes.

4 B. The premium for education entities that participate in the
5 health and dental insurance plans offered through the State and
6 Education Employees Group Insurance Act shall be the same as paid by
7 state agencies for said plans.

8 C. All education entities that participate in the insurance
9 plans offered through the State and Education Employees Group
10 Insurance Act shall forward the appropriate premiums for each
11 employee to the ~~Board~~ Director no later than the tenth day of each
12 month following the month for which payment is due.

13 SECTION 20. AMENDATORY 74 O.S. 2011, Section 1310.2, is
14 amended to read as follows:

15 Section 1310.2 A school district shall pay fifty percent (50%)
16 of the cost of the individual health care premium amount for school
17 district employees who are not otherwise covered pursuant to Section
18 1310.1 of ~~Title 74 of the Oklahoma Statutes~~ this title or Section
19 26-105 of Title 70 of the Oklahoma Statutes, if such employee elects
20 health care coverage under a plan offered by a school district,
21 including a plan offered by the ~~State and Education Employees Group~~
22 ~~Insurance Board~~ Director of the Office of State Finance or a self-
23 insured plan offered by the school district.

1 SECTION 21. AMENDATORY 74 O.S. 2011, Section 1311, is
2 amended to read as follows:

3 Section 1311. The amount of monthly contribution to be made by
4 employees enrolled in the Group Insurance Plans shall be deducted
5 from the monthly salaries of such employees and remitted to the
6 ~~Board~~ Director of the Office of State Finance. The procedure for
7 such deductions and remittances shall be established by the ~~Board~~
8 Director.

9 SECTION 22. AMENDATORY 74 O.S. 2011, Section 1311.1, is
10 amended to read as follows:

11 Section 1311.1 The amount of monthly contribution to be made by
12 persons who are drawing disability benefits under Section 1331 et
13 seq. of ~~Title 74 of the Oklahoma Statutes~~ this title and who are
14 enrolled in the Group Insurance Plans shall be deducted from the
15 monthly disability benefits of such persons and remitted to the
16 ~~Board~~ Director of the Office of State Finance. The procedures for
17 such deductions and remittances shall be established by the ~~Board~~
18 Director.

19 SECTION 23. AMENDATORY 74 O.S. 2011, Section 1312, is
20 amended to read as follows:

21 Section 1312. (1) Except as otherwise provided by law, all
22 employee and employer contributions, appropriations and dividend
23 payments related to the health and dental plans administered by the
24 ~~State and Education Employees Group Insurance Board~~ Director of the

1 Office of State Finance shall be deposited in a fund in the State
2 Treasury which is hereby created and which shall be known as the
3 Health and Dental Insurance Reserve Fund. The money in such fund
4 shall be invested by the ~~Board~~ Director in the manner specified in
5 Section 1305.1 of this title. Investment income of the fund shall
6 be added to the fund. Money payable to the claims administrator and
7 all expenses in connection with the plans shall be paid from the
8 fund. The ~~Board~~ Director shall have responsibility for management
9 of the fund.

10 (2) All monies in the Health and Dental Insurance Reserve Fund
11 that are reserves for the life insurance plan administered by the
12 ~~State and Education Employees Group Insurance Board~~ Director shall
13 be transferred to the Life Insurance Reserve Fund on July 1, 1989.

14 SECTION 24. AMENDATORY 74 O.S. 2011, Section 1312.1, is
15 amended to read as follows:

16 Section 1312.1 There is hereby created in the State Treasury a
17 Revolving Fund for the State and Education Employees Group Insurance
18 Plan. The revolving fund shall consist of funds transferred from
19 the Health and Dental Insurance Reserve Fund and the Life Insurance
20 Reserve Fund for operational expenses of the State Health and Life
21 Insurance Plan and monies assessed from or collected for and due a
22 Health Maintenance Organization (HMO) as approved by the ~~Board~~
23 Director of the Office of State Finance. Expenditures from said
24 funds shall be made pursuant to the laws of the state and statutes

1 relating to the Plan. This revolving fund shall be a continuing
2 fund, not subject to fiscal year limitations, and shall be under the
3 control and management of the ~~State and Education Employees Group~~
4 ~~Insurance Board~~ Director.

5 SECTION 25. AMENDATORY 74 O.S. 2011, Section 1312.2, is
6 amended to read as follows:

7 Section 1312.2 (1) There is hereby created in the State
8 Treasury, the Life Insurance Reserve Fund. Except as otherwise
9 provided by law, all contributions, appropriations, transfers,
10 dividend payments, and investment income of the fund received from
11 or for the benefit of the life insurance plan administered by the
12 ~~State and Education Employees Group Insurance Board~~ Director of the
13 Office of State Finance shall be deposited in the reserve fund.

14 The monies in said reserve fund shall be invested by the ~~Board~~
15 Director in the manner specified in Section 1305.1 of this title.
16 The ~~Board~~ Director shall have responsibility for management of the
17 fund.

18 Money payable to the claims administrator and all expenses in
19 connection with the life insurance plan shall be paid from the
20 reserve fund.

21 (2) All monies in the Life Insurance Reserve Fund that are
22 reserves for the health and dental plans administered by the ~~State~~
23 ~~and Education Employees Group Insurance Board~~ Director of the Office
24

1 of State Finance shall be transferred to the Health and Dental
2 Insurance Reserve Fund on July 1, 1989.

3 SECTION 26. AMENDATORY 74 O.S. 2011, Section 1312.3, is
4 amended to read as follows:

5 Section 1312.3 There is hereby created in the State Treasury,
6 the State Employees Group Insurance Clearing Fund. The monies paid
7 to the State Employees Group Insurance Clearing Fund pursuant to
8 Section 1310 of this title shall be distributed as follows:

9 1. The first Thirty-one Million Five Hundred Thousand Dollars
10 (\$31,500,000.00) received after the effective date of this act
11 during the fiscal year beginning July 1, 1996, shall be distributed
12 to the Oklahoma State Regents for Higher Education; and

13 2. The balance thereof shall be distributed to and deposited in
14 the appropriate reserve fund as directed by the ~~State and Education~~
15 ~~Employees Group Insurance Board~~ Director of the Office of State
16 Finance.

17 SECTION 27. AMENDATORY 74 O.S. 2011, Section 1314.3, is
18 amended to read as follows:

19 Section 1314.3 (1) All otherwise eligible employees hired by
20 the Oklahoma Employment Security Commission after the effective date
21 of this act shall participate in the State Plan and shall not be
22 entitled to the supplemental health insurance for which provision is
23 made in this act nor to any other Commission benefit plan not
24

1 generally available to state employees, and no other provisions of
2 this act shall apply to such future hirees.

3 (2) All otherwise eligible Commission employees not
4 participating in the Agency Plan as of the effective date of this
5 act shall be enrolled in the State Plan on July 1, 1990. Said
6 nonparticipating Commission employees shall not be entitled to the
7 supplemental health insurance for which provision is made in this
8 act.

9 (3) All Commission employees, retirees and dependents
10 participating in the Agency Plan as of the effective date of this
11 act shall be permitted to transfer to the State Plan and receive the
12 supplemental insurance benefits for which provision is made in
13 Section 1314.4 of this title at such time as the supplemental
14 insurance is available. If not sooner transferred, all Agency Plan
15 participants shall be transferred to the State Plan on January 1,
16 1991. Such mandatory transfer shall occur simultaneously with any
17 cancellation by the insurance provider of the Agency Plan, occurring
18 prior to January 1, 1991.

19 (4) All Commission employees, retirees and dependents enrolling
20 in or transferring to the State Plan under the provisions of this
21 section shall be given the opportunity to participate in all options
22 under the State Plan at the time of their enrollment or transfer.

23 (5) For active employees of the Commission, the Commission
24 shall pay the same monthly premium toward employee-only coverage as

1 that set by the ~~State and Education Employees Group Insurance Board~~
2 Director of the Office of State Finance and paid by the other state
3 agencies participating in the state health insurance program. For
4 retirees of the Commission who retired pursuant to the provisions of
5 the Oklahoma Public Employees Retirement System, the Oklahoma Public
6 Employees Retirement System shall pay the same monthly contribution
7 towards premiums for regular or Medicare supplement health insurance
8 coverage for those retirees as the amount paid towards the premiums
9 for the Oklahoma Public Employees Retirement System retirees from
10 other agencies. For retirees of the Commission who retired under
11 the provisions of another retirement plan, the Commission shall pay
12 the same monthly contribution towards premiums for regular or
13 Medicare supplement health insurance coverage for those retirees as
14 the amount paid towards premiums by the Oklahoma Public Employees
15 Retirement System for retirees of other state agencies.

16 (6) Except as provided in this subsection, employees and
17 retirees of the Commission, and their dependents, shall be covered
18 under the dental and life insurance plans provided by the ~~State and~~
19 ~~Education Employees Group Insurance Board~~ Director of the Office of
20 State Finance pursuant to the same provisions and premiums as apply
21 to the employees and retirees of other state agencies. Employees
22 and retirees may elect to keep their present agency offered life
23 insurance, in addition to the state life insurance. Any employee
24 who elects to keep their agency offered life insurance shall pay the

1 premium for the life insurance provided pursuant to the State and
2 Education Employees Group Insurance Act. Any Commission retiree who
3 elects to participate in the life insurance program provided
4 pursuant to the State and Education Employees Group Insurance Act
5 shall pay the premium for such coverage.

6 (7) In the event that the agency offered life insurance plan is
7 canceled by the insurer offering it, the Commission shall contract
8 with the ~~State and Education Employees Group Insurance Board~~
9 Director for replacement coverage equal to that lost by said
10 cancellation. ~~Said Board~~ The Director is expressly authorized and
11 directed to enter into such a contract. The Commission and the
12 participants shall pay the full actuarial costs and all reasonable
13 administrative costs for such coverage. Said actuarial and
14 administrative costs shall be divided between the Commission and the
15 participants in the same ratio as premiums are now divided for the
16 agency offered life insurance. The ~~Board~~ Director shall maintain
17 separate reserves for said coverage. On January 1, 2005, the
18 Commission shall convert the agency offered life insurance to the
19 life insurance plans provided by the ~~State and Education Employees~~
20 ~~Group Insurance Board~~ Director pursuant to the same provisions and
21 premiums as apply to the employees and retirees of other state
22 agencies. The Commission may offer eligible employees an
23 opportunity to voluntarily relinquish their agency life insurance
24

1 upon a payment to the eligible employee, provided funds exist to do
2 so.

3 SECTION 28. AMENDATORY 74 O.S. 2011, Section 1314.5, is
4 amended to read as follows:

5 Section 1314.5 A. The Oklahoma Employment Security Commission
6 shall attempt to obtain the supplemental health insurance described
7 in Section 1314.4 of this title through competitive procurement
8 under The Central Purchasing Act. If the Commission does not obtain
9 such supplemental health insurance in this manner, it shall contract
10 with the ~~State and Education Employees Group Insurance Board~~
11 Director of the Office of State Finance for such coverage or the
12 Commission may provide the supplemental health insurance through a
13 self-insurance program.

14 B. If the Commission decides to contract with the ~~State and~~
15 ~~Education Employees Group Insurance Board~~ Director for the
16 supplemental health insurance coverage, the ~~Board~~ Director is
17 expressly authorized and directed to enter into such a contract and
18 administer the supplemental benefit in such manner to cause the
19 least disruption to its systems and daily operations. The
20 supplemental benefit does not have to be offered as a supplemental
21 plan but can be combined with the state plan to be administered and
22 actuarially rated as a single plan. If this option is chosen, all
23 dependents of employees or former employees currently eligible for
24 the supplemental health insurance shall be included in the plan,

1 regardless of whether or not the dependents were previously included
2 in the plan, and this subsection will prevail over the provisions of
3 Section 1314.3 of this title. The Commission shall pay the full
4 actuarial cost to be determined by the ~~State and Education Employees~~
5 ~~Group Insurance Board~~ Director and all reasonable administrative
6 costs for such coverage, if provided by or through the ~~Board~~
7 Director. The ~~Board~~ Director may consider the utilization
8 experience of the group participating in the benefit when
9 calculating the rate for providing the benefit. The ~~Board~~ Director
10 shall maintain separate reserves for said coverage.

11 C. If the Commission decides to provide supplemental health
12 insurance through a self-insurance program, the Commission shall be
13 authorized to contract with a private company to provide claims
14 adjusting services for the supplemental health insurance claims
15 adjusting and processing.

16 SECTION 29. AMENDATORY 74 O.S. 2011, Section 1315, is
17 amended to read as follows:

18 Section 1315. A. Upon application in writing and subject to
19 any underwriting criteria that may be established by the ~~State and~~
20 ~~Education Employees Group Insurance Board~~ Director of the Office of
21 State Finance, the ~~Board~~ Director may extend the benefits of the
22 State and Education Employees Group Health and Life Insurance Plans
23 to employees who are employed in positions requiring actual
24

1 performance of duty during not less than one thousand (1,000) hours
2 per year and to all full-time employees of:

3 1. Any of the following groups which participate in the
4 Oklahoma Public Employees Retirement System:

- 5 a. county,
- 6 b. city,
- 7 c. town,
- 8 d. public trust for which the state is the primary
9 beneficiary, or
- 10 e. conservation districts; and

11 2. Any of the following groups:

- 12 a. county hospital,
- 13 b. rural water district, including employees and board
14 members,
- 15 c. sewer district,
- 16 d. gas district,
- 17 e. solid waste management district,
- 18 f. nonprofit water corporation employees and board
19 members,
- 20 g. conservancy district or master conservancy district
21 authorized by the provisions of Section 541 of Title
22 82 of the Oklahoma Statutes,
- 23 h. voluntary organization of Oklahoma local government
24 jurisdictions listed in Section 2003 of Title 62 of

1 the Oklahoma Statutes including any council created by
2 the voluntary organizations,

3 i. voluntary association designated to administer the
4 County Government Council as authorized in Section 7
5 of Title 19 of the Oklahoma Statutes,

6 j. statewide nonprofit entities representing employees of
7 the state or employees of local political subdivisions
8 who are eligible for insurance benefits authorized by
9 the provisions of the State and Education Employees
10 Group Insurance Act, or

11 k. statewide nonprofit entities receiving state funds to
12 provide no cost legal services to low income and
13 senior citizens.

14 B. Applications to participate in the State and Education
15 Employees Group Health and Life Insurance Plans shall be approved by
16 majority action of the governing body of the groups listed in
17 subsection A of this section.

18 C. Groups listed in subsection A of this section participating
19 in the Oklahoma State and Education Employees Group Health and Life
20 Insurance Plans shall pay all costs attributable to their
21 participation. The benefits of said plans for a participant
22 provided coverage pursuant to this section shall be the same and
23 shall include the same plan options as would be made available to a
24 state employee participating in the plan that resided at the same

1 location. The premium for participating groups listed in subsection
2 A of this section shall be the same as paid by state and education
3 employees.

4 D. Participating groups listed in subsection A of this section
5 shall not be required to offer dental insurance as defined in
6 paragraph ~~(11)~~ 11 of Section 1303 of this title, or other insurance
7 as defined in paragraph ~~(12)~~ 12 of Section 1303 of this title.

8 However, if dental insurance or any other insurance is offered, it
9 must be provided to all eligible employees. If an employee retires
10 and begins to receive benefits from the Oklahoma Public Employees
11 Retirement System or terminates service and has a vested benefit
12 with the Oklahoma Public Employees Retirement System, the employee
13 may elect, in the manner provided in Section 1316.2 of this title,
14 to participate in the dental insurance plan offered through the
15 State and Education Employees Group Insurance Act within thirty (30)
16 days from the date of termination of employment. The employee shall
17 pay the full cost of the dental insurance.

18 E. 1. Any employee of a group listed in subsection A of this
19 section who retires or who has a vested benefit pursuant to the
20 Oklahoma Public Employees Retirement System may begin the health
21 insurance coverage if the employer of the employee is not a
22 participant of the State and Education Employees Group Insurance Act
23 and does not offer health insurance to its employees. Such election
24

1 by the employee to begin coverage shall be made within thirty (30)
2 days from the date of termination of service.

3 2. Any employee of a group listed in subsection A of this
4 section who retires or who has a vested benefit pursuant to the
5 Oklahoma Public Employees Retirement System may begin or continue
6 the health insurance coverage if the employer of the employee is a
7 participant of the State and Education Employees Group Insurance Act
8 and the election to begin or continue coverage is made within thirty
9 (30) days from the date of termination of service.

10 F. Any county, city, town, county hospital, public trust,
11 conservation district, or rural water, sewer, gas or solid waste
12 management district, or nonprofit water corporation, any of which of
13 the aforementioned groups is not a participating employer in the
14 Oklahoma Public Employees Retirement System, but which has employees
15 who are participating in the health, dental or life insurance plans
16 offered by or through the State and Education Employees Group
17 Insurance Act on July 1, 1997, may continue to allow its current and
18 future employees to participate in such health, dental or life
19 insurance plans. Participation of such employees may also continue
20 following termination of employment if the employee has completed at
21 least eight (8) years of service with a participating employer and
22 such an election to continue in force is made within thirty (30)
23 days following termination of employment. Any retiree or terminated
24

1 employee electing coverage pursuant to this section shall pay the
2 full cost of the insurance.

3 G. An employee of a group listed in paragraph 2 of subsection A
4 of this section may continue in force health, dental and life
5 insurance coverage following termination of employment if the
6 employee has a minimum of eight (8) years of service with a
7 participating employer and the election to continue in force is made
8 within thirty (30) calendar days following termination of
9 employment.

10 H. Notwithstanding other provisions in this section, an
11 employer listed in subsection A of this section may cease to
12 participate in the State and Education Employees Group Insurance Act
13 but provide health insurance coverage for its current and former
14 employees through another insurance carrier. The subsequent carrier
15 shall be responsible for providing coverage to the entity's
16 employees who terminated employment with a retirement benefit, with
17 a vested benefit, or who have eight (8) or more years of service
18 with a participating employer but did not have a vested benefit
19 through the Oklahoma Public Employees Retirement System, if the
20 election to retain health insurance coverage was made within thirty
21 (30) days of termination of employment. Coverage shall also be
22 provided to the eligible dependents of the employees if an election
23 to retain coverage is made within thirty (30) days of termination of
24 employment. Employees who terminate employment from an employer

1 covered by this paragraph before December 31, 2001, and elect
2 coverage under the State and Education Employees Group Insurance
3 Act, shall not be required to change insurance carriers in the event
4 that the employer changes its insurance carrier to a subsequent
5 carrier. The provisions of this subsection shall become effective
6 January 1, 2002.

7 I. Employers pursuant to subsection A of this section who
8 participate in the Oklahoma Public Employees Retirement System and
9 who offer health insurance coverage to their active employees, shall
10 offer health insurance coverage to those employees who retire from
11 the employer and also to those employees who terminate employment
12 and are eligible to elect a vested benefit in the System. Such
13 employers shall begin offering coverage to such employees on or
14 before January 1, 2004. Such employees who wish to continue
15 coverage shall make an election to retain health insurance coverage
16 within thirty (30) days of termination of employment. However,
17 former employees of such employers who have already retired or who
18 have terminated and are eligible to elect a vested benefit under the
19 Oklahoma Public Employees Retirement System, during the period
20 beginning January 1, 2002, and ending December 31, 2003, may make an
21 election to begin participation in the plans offered by the ~~State~~
22 ~~and Education Employees Group Insurance Board~~ Director on or before
23 December 31, 2003, in the same manner as other participating retired
24 or vested members. The employer, assisted by the Oklahoma Public

1 Employees Retirement System shall notify by October 1, 2003, all
2 members who have either retired from the System or who are eligible
3 to elect a vested benefit in the System between January 1, 2002,
4 through December 31, 2003, and who were employed by an employer
5 listed in subsection A of this section of the member's potential
6 eligibility to participate in such plans. Each employer shall
7 notify the Oklahoma Public Employees Retirement System when an
8 employee is retiring and makes the election pursuant to this
9 subsection to continue coverage under a plan offered by such
10 employer and when an employee terminates employment and is eligible
11 to elect a vested benefit in the System and such employee elects to
12 continue coverage under a plan offered by such employer. Such
13 employer shall also notify the Oklahoma Public Employees Retirement
14 System if a retired employee or an employee who is eligible to elect
15 a vested benefit in the System terminates such continued coverage.

16 J. Any group that begins participation in the State and
17 Education Employees Group Health and Life Insurance Plans after the
18 effective date of this act and that is not composed of state or
19 education employees must have one hundred percent (100%)
20 participation in the health plan offered pursuant to the State and
21 Education Employees Group Insurance Act.

22 SECTION 30. AMENDATORY 74 O.S. 2011, Section 1315.1, is
23 amended to read as follows:

24

1 Section 1315.1 Upon election and application by the secretary
2 of a county election board and subject to any underwriting criteria
3 that may be established by the ~~State and Education Employees Group~~
4 ~~Insurance Board~~ Director of the Office of State Finance, the ~~Board~~
5 Director shall extend the benefits of the State and Education
6 Employees Group Health and Life Insurance Plans to the secretary of
7 each county election board, if the county in which the secretary
8 serves is not participating in such plans.

9 SECTION 31. AMENDATORY 74 O.S. 2011, Section 1316.1, is
10 amended to read as follows:

11 Section 1316.1 A. Any person who retires or who has elected to
12 receive a vested benefit under the provisions of the State of
13 Oklahoma retirement systems or persons who are currently drawing
14 disability benefits under Section 1331 et seq. of this title or who
15 meet each and every requirement of the State Employees Disability
16 Program or the spouse or dependent of any such employee may continue
17 in force the life insurance benefits authorized by this act in a
18 face amount of not less than one-fourth (1/4) of the basic life
19 insurance amount, if such election to continue in force is made
20 within thirty (30) days from the time of severance. Persons
21 electing to continue in force life insurance benefits shall pay the
22 full cost of the life insurance and under such terms and conditions
23 as established by the ~~Board~~ Director of the Office of State Finance.
24 Further, any such retiree may continue in force any additional life

1 insurance that was purchased prior to retirement at an actuarially
2 adjusted rate and under such terms and conditions as established by
3 the ~~Board~~ Director.

4 Effective January 1, 2002, nonvested employees may also continue
5 their life insurance benefits as provided in this section following
6 termination of employment, if the employee has completed at least
7 eight (8) years of service with an employer participating in the
8 Oklahoma Public Employees Retirement System or at least ten (10)
9 years of service with an employer participating in the Teachers'
10 Retirement System of Oklahoma. The election to continue the
11 employee's life insurance in force must be made within thirty (30)
12 days after the date of termination.

13 B. Any retired employee who is receiving a benefit or
14 terminates employment with a vested benefit from the Teachers'
15 Retirement System of Oklahoma and who becomes enrolled in the health
16 insurance plan offered by the State and Education Employees Group
17 Insurance Act, pursuant to subsection E of Section 5-117.5 of Title
18 70 of the Oklahoma Statutes, may elect to purchase life insurance
19 benefits in amounts and at a cost as provided for in this section.

20 C. In lieu of subsection A of this section, any person who
21 retires or who has elected to receive a vested benefit under the
22 provisions of the State of Oklahoma retirement systems and who is
23 participating in a health insurance plan, the dental insurance plan,
24 or the life insurance plan offered by the ~~State and Education~~

1 ~~Employees Group Insurance Board~~ Director, including such persons who
2 are currently drawing disability benefits under Section 1331 et seq.
3 of this title or who meet each and every requirement of the State
4 Employees Disability Program on or before July 1, 1999, or the
5 spouse of any such person may elect to purchase life insurance
6 benefits authorized by this subsection in a face amount not to
7 exceed Fifty Thousand Dollars (\$50,000.00). Eligible persons
8 pursuant to this subsection shall make an election by January 1,
9 2000, to purchase the life insurance coverage provided in this
10 subsection. Life insurance coverage pursuant to this subsection
11 shall depend upon providing satisfactory evidence of insurability
12 for the person who is to be covered. Life insurance coverage,
13 pursuant to this subsection, shall be purchased in blocks of Five
14 Thousand Dollars (\$5,000.00). The premium for such life insurance
15 coverage shall be at a blended rate and shall be set by the ~~Board~~
16 Director. The ~~Board~~ Director shall promulgate rules necessary for
17 the implementation of the provisions of this subsection.

18 SECTION 32. AMENDATORY 74 O.S. 2011, Section 1316.2, is
19 amended to read as follows:

20 Section 1316.2 A. Any employee other than an education
21 employee who retires pursuant to the provisions of the Oklahoma
22 Public Employees Retirement System or who has a vested benefit
23 pursuant to the provisions of the Oklahoma Public Employees
24 Retirement System may continue in force the health and dental

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

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

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

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

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~~ Director in

2 the 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~~ Director in the manner
12 specified 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~~
22 Director in the manner specified in subsection G of
23 this section, and

24

1 d. a retired employee other than an education employee
2 who is receiving benefits from the Uniform Retirement
3 System for Justices and Judges after September 30,
4 1988, shall have One Hundred Five Dollars (\$105.00),
5 or the premium rate of the health insurance plan,
6 whichever is less, paid by the Uniform Retirement
7 System for Justices and Judges to the ~~Board~~ Director
8 in the manner specified in subsection G of this
9 section.

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

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

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

1 subsection and shall first be applied in whole or in
2 part to the prescription drug coverage premium. Any
3 remaining amount shall be applied toward the medical
4 coverage premium,

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

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

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

1 E. Effective July 1, 2004, a retired member of the Oklahoma Law
2 Enforcement Retirement System who retired from the System by means
3 of a personal and traumatic injury of a catastrophic nature and in
4 the line of duty and any surviving spouse of such retired member and
5 any surviving spouse of a member who was killed in the line of duty
6 shall have one hundred percent (100%) of the retired member's or
7 surviving spouse's health care premium cost, whether the member or
8 surviving spouse elects coverage under the Medicare supplement or
9 Medicare risk-sharing contract, paid by the Oklahoma Law Enforcement
10 Retirement System to the ~~Board~~ Director in the manner specified in
11 subsection H of this section. For plans offered by the ~~State and~~
12 ~~Education Employees Group Insurance Board~~ Director, such
13 contributions will first be applied in whole or in part to the
14 prescription drug coverage premium, if any.

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

1 benefits shall terminate for the surviving children when said
2 children cease to qualify as dependents.

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

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

1 health, dental and life insurance benefits, if such election to
2 participate is made within thirty (30) days from the date of
3 termination of service. Life insurance benefits for any such person
4 who transferred employment shall not exceed the coverage the person
5 had at the time of such transfer. Retirees who transferred
6 employment and who participate pursuant to this paragraph shall pay
7 the premium for elected benefits less any amounts paid by a state
8 retirement system pursuant to this section.

9 SECTION 33. AMENDATORY 74 O.S. 2011, Section 1316.3, is
10 amended to read as follows:

11 Section 1316.3 A. Any person who retires pursuant to the
12 provisions of the Teachers' Retirement System of Oklahoma with at
13 least ten (10) years of creditable service or who has a vested
14 benefit with at least ten (10) years of creditable service, pursuant
15 to the provisions of the Teachers' Retirement System of Oklahoma may
16 continue in force the health and dental insurance benefits
17 authorized by the provisions of the State and Education Employees
18 Group Insurance Act if such election to continue in force or begin
19 is made within thirty (30) days from the date of termination of
20 service. Except as provided in subsection E of Sections 5-117.5 and
21 14-108.1 of Title 70 of the Oklahoma Statutes and Section 840-2.27I
22 of this title and subsection K of this section, health and dental
23 insurance coverage may not be reinstated at a later time if the
24 election to continue in force or begin coverage is declined. Vested

1 persons who have terminated service and are not receiving benefits
2 and effective July 1, 1996, nonvested persons who have terminated
3 service with more than ten (10) years of participating service with
4 a qualifying employer, who within thirty (30) days from the date of
5 termination of service, elect to continue such coverage, shall pay
6 the full cost of said insurance premium at the rate and pursuant to
7 the terms and conditions established by the ~~Board~~ Director of the
8 Office of State Finance.

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

- 11 a. indemnity plans offered through the ~~State and~~
12 ~~Education Employees Group Insurance Board~~ Director,
- 13 b. managed care plans offered as alternatives to the
14 indemnity plans,
- 15 c. Medicare supplements offered through the ~~State and~~
16 ~~Education Employees Group Insurance Board~~ Director,
- 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~~ Director, and
- 21 e. any other employer-provided health insurance benefit
22 plans if the employer does not participate in the
23 plans offered pursuant to the State and Education
24 Employees Group Insurance Act.

1 2. Health insurance benefit plans offered pursuant to this
2 section shall provide prescription drug benefits, except for plans
3 designed pursuant to the Medicare Prescription Drug Improvement and
4 Modernization Act of 2003, which may or may not contain prescription
5 drug benefits, for which provision of prescription drug benefits is
6 optional, and except for plans offered pursuant to subparagraph e of
7 paragraph 1 of this subsection.

8 C. A retired person who:

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

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

22 3. Is receiving benefits from the Teachers' Retirement System
23 of Oklahoma after September 30, 1988, made contributions to the
24 system and is sixty-five (65) years of age or older, or who is under

1 sixty-five (65) years of age and is eligible for Medicare and is a
2 participant in the State and Education Employees Group Insurance Act
3 and elects coverage under the Medicare supplement offered by the
4 ~~State and Education Employees Group Insurance Board~~ Director; or

5 4. Is receiving benefits from the Teachers' Retirement System
6 of Oklahoma after June 30, 1993, made contributions to the system
7 and is sixty-five (65) years of age or older, or who is under sixty-
8 five (65) years of age and is eligible for Medicare and participates
9 in a health insurance plan provided by a participating education
10 employer of the Teachers' Retirement System of Oklahoma other than a
11 health insurance plan offered pursuant to the State and Education
12 Employees Group Insurance Act or an alternative health plan offered
13 pursuant to the Oklahoma State Employees Benefits Act and elects
14 coverage under the Medicare supplement offered by the ~~State and~~
15 ~~Education Employees Group Insurance Board~~ Director,

16 shall have the amount determined pursuant to subsection E of this
17 section, or the premium rate of the health insurance benefit plan,
18 whichever is less, paid by the Teachers' Retirement System of
19 Oklahoma. If the amount paid by the Teachers' Retirement System of
20 Oklahoma does not cover the full cost of the health insurance
21 premium, the retired person shall pay the remaining amount if the
22 retired person wants to continue the coverage.

23
24

1 D. The Teachers' Retirement System shall pay the amount due
2 pursuant to the provisions of subsection C of this section as
3 follows:

4 1. For those individuals participating in plans provided
5 through the State and Education Employees Group Insurance Act,
6 payment shall be made to the ~~Board~~ Director pursuant to the
7 provisions of subsection I of this section; or

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

13 E. Beginning July 1, 2000, the maximum benefit payable by the
14 Teachers' Retirement System of Oklahoma on behalf of a retired
15 person toward said person's monthly premium for health insurance
16 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

24

1	Less than \$30,000.00 but			
2	greater than \$19,999.99	\$102.00	\$103.00	\$104.00
3	Less than \$40,000.00 but			
4	greater than \$29,999.99	\$101.00	\$102.00	\$103.00
5	\$40,000.00 or greater	\$100.00	\$101.00	\$102.00

6 For plans offered by the ~~State and Education Employees Group~~
7 ~~Insurance Board~~ Director, the amount paid pursuant to this
8 subsection shall first be applied to the prescription drug coverage
9 premium, if any. Any remaining amounts shall be applied towards the
10 medical coverage premium.

11 F. If a person retires and begins to receive benefits from the
12 Teachers' Retirement System of Oklahoma or terminates service and
13 has a vested benefit with the Teachers' Retirement System of
14 Oklahoma, the person may elect, in the manner provided in subsection
15 A of this section, to participate in the dental insurance plan
16 offered through the State and Education Employees Group Insurance
17 Act. The person shall pay the full cost of the dental insurance.

18 G. Those persons who are receiving benefits from the Teachers'
19 Retirement System of Oklahoma and have health insurance coverage
20 which on the operative date of this section is being paid by the
21 education entity from which the person retired shall make the
22 election required in subsection A of this section within thirty (30)
23 days of the termination of said health insurance coverage. The
24 person making the election shall give the ~~Board~~ Director certified

1 documentation satisfactory to the ~~Board~~ Director of the termination
2 date of the other health insurance coverage.

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

14 I. The amounts required to be paid by the Teachers' Retirement
15 System of Oklahoma pursuant to this section shall be forwarded no
16 later than the tenth day of each month following the month for which
17 payment is due by the Board of Trustees of the Teachers' Retirement
18 System of Oklahoma to the ~~State and Education Employees Group~~
19 ~~Insurance Board~~ Director for deposit in the Education Employees
20 Group Insurance Reserve Fund.

21 J. The Teachers' Retirement System of Oklahoma shall provide
22 the ~~State and Education Employees Group Insurance Board~~ Director
23 information concerning the employers of retired and vested members
24

1 necessary to allow the ~~State and Education Employees Group Insurance~~
2 ~~Board~~ Director to track eligibility for continued coverage.

3 K. Upon retirement from employment with the Board of Regents of
4 the University of Oklahoma, any person who is or was employed at the
5 George Nigh Rehabilitation Institute and who transferred employment
6 pursuant to Section 3427 of Title 70 of the Oklahoma Statutes, any
7 person who was employed at the Medical Technology and Research
8 Authority and who transferred employment pursuant to Section 7068 of
9 this title, and any person who is a member of the Oklahoma Law
10 Enforcement Retirement System pursuant to the authority of Section
11 2-314 of Title 47 of the Oklahoma Statutes may participate in the
12 benefits authorized by the provisions of the State and Education
13 Employees Group Insurance Act for retired participants, including
14 health, dental and life insurance benefits, if such election to
15 participate is made within thirty (30) days from the date of
16 termination of employment. Life insurance benefits for any such
17 person who transferred employment shall not exceed the coverage the
18 person had at the time of such transfer. Retirees who are persons
19 transferred employment and who participate pursuant to this
20 paragraph shall pay the premium for elected benefits less any
21 amounts paid by the retirement system pursuant to this section.

22 SECTION 34. AMENDATORY 74 O.S. 2011, Section 1317, is
23 amended to read as follows:

24

1 Section 1317. Any legally blind person who is licensed by the
2 Department of Rehabilitation Services as a vending stand operator or
3 managing operator shall be eligible for membership in the Health
4 Insurance Plan, Dental Insurance Plan and Life Insurance Plan
5 referred to in the State and Education Employees Group Insurance
6 Act. Enrollment in the Plan shall be optional with each operator
7 pursuant to the rules prescribed by the ~~State and Education~~
8 ~~Employees Group Insurance Board~~ Director of the Office of State
9 Finance. Any payments required to be made for enrollees in the Plan
10 shall be payable by the operator in such manner as may be determined
11 by the Department of Rehabilitation Services; provided, that the
12 Department may, in its discretion, make all or a part of such
13 payments.

14 SECTION 35. AMENDATORY 74 O.S. 2011, Section 1318, is
15 amended to read as follows:

16 Section 1318. No former employee who is reemployed by a
17 participating entity within twenty-four (24) months after the date
18 of termination of previous employment shall be enrolled in the State
19 and Education Employees Group Insurance Plan authorized by ~~Section~~
20 Sections 1301 et seq. through 1329.1 of this title, for a greater
21 amount of life insurance or life benefit than the amount for which
22 the life of the ~~ex-employee~~ former employee was insured under ~~said~~
23 the plan at the date of termination of ~~his~~ employment, except upon
24 ~~his~~ the former employee furnishing evidence of ~~his~~ insurability,

1 satisfactory to the ~~Board~~ Director of the Office of State Finance,
2 and any greater amount of benefit or insurance provided ~~him~~ the
3 employee shall be at the ~~ex-employee's~~ former employee's cost.

4 SECTION 36. AMENDATORY 74 O.S. 2011, Section 1320, is
5 amended to read as follows:

6 Section 1320. A. The ~~State and Education Employees Group~~
7 ~~Insurance Board~~ Director of the Office of State Finance is
8 authorized to hire and appoint an administrator who shall be in the
9 unclassified service.

10 The ~~Board~~ Director may hire a director of internal audit and one
11 attorney licensed to practice law in this state. The attorney hired
12 by the ~~Board~~ Director shall have not less than five (5) years of
13 experience in matters related to the insurance industry. The ~~Board~~
14 Director shall directly supervise the duties of the director of
15 internal audit, and shall not delegate said supervision to the
16 Administrator or any other employee of the ~~Board~~ Director. In
17 addition to duties assigned by the ~~Board~~ Director, the director of
18 internal audit is authorized to audit all records of health
19 providers and pharmacists who enter into any contract with the ~~Board~~
20 Director in order to ensure compliance with ~~said~~ the contract
21 provisions.

22 B. The administrator shall employ such persons as are necessary
23 to administer the provisions of the State and Education Employees
24 Group Insurance Act, the State Employees Flexible Benefits Act and

1 the State Employees Disability Program Act. The administrator may
2 employ a maximum of two (2) attorneys. The administrator or one of
3 the deputy administrators shall have not less than seven (7) years
4 of group health insurance administration experience on a senior
5 managerial level.

6 C. On January 1, 2013, all records in the possession of the
7 State and Education Employees Group Insurance Board shall be
8 transferred to the Office of State Finance and shall be under the
9 authority of the Director of the Office of State Finance. The
10 Director shall assume responsibility for all existing State and
11 Education Employees Group Insurance Board contracts in effect on
12 January 1, 2013. The Director shall enforce all rules in effect on
13 January 1, 2013, until such time that new rules are promulgated by
14 the Director. The Director, shall have the power and duty to:

15 1. Advise, consult, cooperate and enter into agreements with
16 agencies of the state, municipalities and counties, other states and
17 the federal government, and other persons;

18 2. Enter into agreements for, accept, administer and use,
19 disburse and administer grants of money, personnel and property from
20 the federal government or any department or agency thereof, or from
21 any state or state agency, or from any other source, to promote and
22 carry on in this state any program within the Director's area of
23 responsibility;

24

1 3. Require the establishment and maintenance of records and
2 reports;

3 4. Establish a system of training for personnel in order to
4 assure the uniform application of law and rules;

5 5. Enforce the provisions of the State and Education Employees
6 Group Insurance Act and rules promulgated thereunder and orders
7 issued pursuant thereto;

8 6. Enter into interagency agreements;

9 7. Lease, from time to time, any real property which the
10 Director shall determine advisable to more fully carry into effect
11 the requirements of the State and Education Employees Group
12 Insurance Act in accordance with applicable state statutes. All
13 such leases for real property shall be subject to the provisions of
14 Section 63 of this title;

15 8. Purchase or lease any equipment, supplies or materials
16 pursuant to The Oklahoma Central Purchasing Act;

17 9. Contract for professional services;

18 10. Acquire, construct, extend, and operate any and all
19 facilities of all kinds which in the judgment of the Director and
20 the approval of the Legislature shall be necessary or convenient to
21 carry out the duties of the Director of the Office of State Finance,
22 as authorized by law; and

23

24

1 11. Exercise all incidental powers which are necessary and
2 proper to implement and administer the purposes of the State and
3 Education Employees Group Insurance Act.

4 D. Any employee of the State and Education Employees Group
5 Insurance Board on January 1, 2013, shall be eligible for transfer
6 to the Office of State Finance if the Director of the Office of
7 State Finance determines that the employee is qualified and capable
8 of performing the duties required. Any State and Education
9 Employees Group Insurance Board employee not hired by the Director
10 of the Office of State Finance may be terminated by operation of
11 law. Any annual, sick and compensatory time and retirement,
12 longevity or other benefits accrued by State and Education Employees
13 Group Insurance Board employees who are hired by the Director of the
14 Office of State Finance shall be retained by the employee.

15 E. Suitable office space shall be provided by the Department of
16 Central Services to the Director of the Office of State Finance, to
17 the extent necessary for the Director to implement its duties as
18 required by the State and Education Employees Group Insurance Act,
19 and the Director may incur necessary expenses for office rent.

20 F. The Office of State Finance shall maintain a fair, simple
21 and expeditious system for resolution of grievances of all persons
22 directly affected by the transfer of authority from the State and
23 Education Employees Group Insurance Board regarding the substance or
24 application of any written or unwritten policy, rule of the Office

1 of State Finance or of an agent or contractor of the Office or any
2 decision, behavior or action by an employee, agent or contractor or
3 by any other person affected by the Director.

4 G. The ~~Board~~ Director shall not contract for private legal
5 counsel except for extraordinary situations other than normal day to
6 day situations, and when approved by the Attorney General. The
7 ~~Board~~ Director may contract with a nonemployee consulting actuary, a
8 nonemployee medical consultant and a nonemployee dental consultant
9 subject to competitive bid at least every three (3) years. The
10 ~~Board~~ Director may contract with health care providers for a level
11 of reimbursement for the payment of claims incurred by the plan
12 participants. The ~~Board~~ Director may at its request use the
13 services of the office of the Attorney General and the actuarial
14 services of any actuary employed by the Insurance Commissioner and
15 may also seek the advice and counsel of the Commissioner of the
16 State of Oklahoma or any employee of the Office of the Commissioner.

17 SECTION 37. AMENDATORY 74 O.S. 2011, Section 1321, is
18 amended to read as follows:

19 Section 1321. A. The ~~Board~~ Director of the Office of State
20 Finance shall have the authority to determine all rates and life,
21 dental and health benefits. All rates shall be compiled in a
22 comprehensive Schedule of Benefits. The Schedule of Benefits shall
23 be available for inspection during regular business hours at the
24 office of the ~~State and Education Employees Group Insurance Board~~

1 Director. The ~~Board~~ Director shall have the authority to annually
2 adjust the rates and benefits based on claim experience.

3 B. The premiums for such insurance plans offered for the next
4 plan year shall be established as follows:

5 1. For active employees and their dependents, the ~~Board's~~
6 Director's premium determination shall be made no later than the bid
7 submission date for health maintenance organizations set by the
8 Oklahoma State Employees Benefits Council, which shall be set in
9 August no later than the third Friday of that month; and

10 2. For all other covered members and dependents, the ~~Board's~~
11 Director's and the health maintenance organizations' premium
12 determinations shall be no later than the fourth Friday of
13 September.

14 C. The ~~Board~~ Director may approve a mid-year adjustment
15 provided the need for an adjustment is substantiated by an actuarial
16 determination or more current experience rating. The only
17 publication or notice requirements that shall apply to the Schedule
18 of Benefits shall be those requirements provided in the Oklahoma
19 Open Meeting Act. It is the intent of the Legislature that the
20 benefits provided not include cosmetic dental procedures except for
21 certain orthodontic procedures as adopted by the ~~Board~~ Director.

22 SECTION 38. AMENDATORY 74 O.S. 2011, Section 1323, is
23 amended to read as follows:

24

1 Section 1323. Any person who shall knowingly make any false
2 statement, or who shall falsify or permit to be falsified any record
3 necessary for carrying out the intent of the State and Education
4 Employees Group Insurance Act, ~~Section~~ Sections 1301 ~~et seq.~~ through
5 1329.1 of this title, for the purpose of committing fraud, shall be
6 guilty of a misdemeanor, and upon conviction shall be punished by a
7 fine not exceeding Five Thousand Dollars (\$5,000.00) or by
8 imprisonment for not exceeding one (1) year or by both the fine and
9 imprisonment. The ~~State and Education Employees Group Insurance~~
10 ~~Board~~ Director of the Office of State Finance shall have the right
11 to audit participating employer groups to verify eligibility for any
12 member and/or dependent and may require proof of eligibility upon
13 demand.

14 SECTION 39. AMENDATORY 74 O.S. 2011, Section 1324, is
15 amended to read as follows:

16 Section 1324. A. All health benefit plans that are offered by
17 the ~~State and Education Employees Group Insurance Board~~ Director of
18 the Office of State Finance shall provide coverage for side effects
19 that are commonly associated with radical retropubic prostatectomy
20 surgery, including, but not limited to impotence and incontinence,
21 and for other prostate-related conditions.

22 B. The ~~Board~~ Director shall provide notice to each insured or
23 enrollee under ~~such~~ the plan regarding the coverage required by this
24 section in the plan's evidence of coverage, and shall provide

1 additional written notice of the coverage to the insured or enrollee
2 as follows:

- 3 1. In the next mailing made by the plan to the employee; or
- 4 2. As part of the enrollment information packet sent to the
5 enrollee.

6 C. The ~~Board~~ Director shall promulgate any rules or actions
7 necessary to implement the provisions of this section.

8 SECTION 40. AMENDATORY 74 O.S. 2011, Section 1325, is
9 amended to read as follows:

10 Section 1325. The ~~State and Education Employees Group Insurance~~
11 ~~Board~~ Director of the Office of State Finance shall schedule a
12 hearing thirty (30) days prior to adopting any major change in the
13 reimbursement rates or methodology. The ~~Board~~ Director shall notify
14 health care providers who provide services pursuant to a contract
15 with the ~~Board~~ Director at least fifteen (15) days prior to the
16 hearing. The notice shall include proposed changes to the
17 reimbursement rates or methodology. The ~~Board~~ Director shall also
18 inform such health care providers at the hearing of any proposed
19 changes to the reimbursement rates or methodology. At the hearing
20 the ~~Board~~ Director shall provide an open forum for such health care
21 providers to comment on the proposed changes.

22 SECTION 41. AMENDATORY 74 O.S. 2011, Section 1326, is
23 amended to read as follows:

24

1 Section 1326. ~~The State and Education Employees Group Insurance~~
2 ~~Board~~ Director of the Office of State Finance shall make available,
3 upon request, copies of relevant fee schedules to participating
4 health care providers.

5 SECTION 42. AMENDATORY 74 O.S. 2011, Section 1327, is
6 amended to read as follows:

7 Section 1327. A. All health benefit plans offered by the ~~State~~
8 ~~and Education Employees Group Insurance Board~~ Director of the Office
9 of State Finance which provide for services for vision care or
10 medical diagnosis and treatment for the eye shall allow optometrists
11 to be providers of those services. All such health benefit plans
12 shall also require equal payment for the same services provided by
13 an optometrist if the services are within the scope of practice of
14 optometry.

15 B. With respect to optometric services, any health benefit plan
16 offered by the ~~State and Education Employees Group Insurance Board~~
17 Director which uses a gatekeeper or equivalent for referrals for
18 services for vision care or for medical diagnosis and treatment of
19 the eye, shall require such covered services be provided on a
20 referral basis within the medical group or network at the request of
21 an enrollee who has a condition requiring vision care or medical
22 diagnosis and treatment of the eye if:

23 1. A referral is necessitated in the judgment of the primary
24 care physician; and

1 2. Treatment for the condition falls within the licensed scope
2 of practice of an optometrist.

3 C. All health benefit plans offered by the ~~State and Education~~
4 ~~Employees Group Insurance Board~~ Director shall have a defined set of
5 standards and procedures for selecting providers, including
6 specialists, to serve enrollees. The standards and procedures shall
7 be drafted in such a manner that they are applicable to all
8 categories of providers and shall be utilized by the health
9 maintenance organization in a manner that is without bias for or
10 discrimination against a particular category or categories of
11 providers.

12 D. No health benefit plan specified by this section shall
13 require a provider to have hospital privileges if hospital
14 privileges are not usual and customary for the services the provider
15 provides.

16 E. Nothing in this section shall be construed to:

17 1. Prohibit a health benefit plan offered by the ~~State and~~
18 ~~Education Employees Group Insurance Board~~ Director which provides
19 for services for vision care or medical diagnosis and treatment for
20 the eye from determining the adequacy of the size of its network;

21 2. Prohibit an optometrist from agreeing to a fee schedule;

22 3. Limit, expand, or otherwise affect the scope of practice of
23 optometry; or
24

1 4. Alter, repeal, modify or affect the laws of this state
2 except where such laws are in conflict or are inconsistent with the
3 express provisions of this section.

4 F. Existing health benefit plans offered by the ~~State and~~
5 ~~Education Employees Group Insurance Board~~ Director shall comply with
6 the requirements of this section upon issuance or renewal on or
7 after the effective date of this act.

8 SECTION 43. AMENDATORY 74 O.S. 2011, Section 1328, is
9 amended to read as follows:

10 Section 1328. A. The contracted claims administrator for the
11 ~~State and Education Employees Group Insurance Board~~ Director of the
12 Office of State Finance shall reimburse all clean claims of an
13 enrollee, an assignee of the enrollee, or a health care provider
14 within forty-five (45) calendar days after receipt of the claim by
15 the entity.

16 B. As used in this section, "clean claim" means a claim that
17 has no defect or impropriety, including a lack of any required
18 substantiating documentation, or particular circumstance requiring
19 special treatment that impedes prompt payment.

20 C. 1. If a claim or any portion of a claim is determined to
21 have defects or improprieties, including a lack of any required
22 substantiating documentation, or a particular circumstance requiring
23 special treatment, the enrollee, assignee of the enrollee, or health
24 care provider shall be notified in writing within thirty (30)

1 calendar days after receipt of the claim by the contracted claims
2 administrator for the ~~State and Education Employees Group Insurance~~
3 ~~Board~~ Director. The written notice shall specify the portion of the
4 claim that is causing a delay in processing and explain any
5 additional information or corrections needed. Failure of the
6 ~~Board's~~ Director's claims administrator to provide the enrollee,
7 assignee of the enrollee, or health care provider with such notice
8 shall constitute prima facie evidence that the claim will be paid in
9 accordance with the terms of the health benefit claims
10 administration contract.

11 2. The portion of the claim that is accurate shall be paid
12 within forty-five (45) calendar days after receipt of the claim by
13 the claims administrator for the ~~State and Education Employees Group~~
14 ~~Insurance Board~~ Director.

15 D. Upon receipt of the additional information or corrections
16 which led to the claim's being delayed and a determination that the
17 information is accurate, the claims administrator for the ~~State and~~
18 ~~Education Employees Group Insurance Board~~ Director shall either pay
19 or deny the claim or a portion of the claim within forty-five (45)
20 calendar days.

21 E. Payment shall be considered made on:

22 1. The date a draft or other valid instrument which is
23 equivalent to the amount of the payment is placed in the United
24 States mail in a properly addressed, postpaid envelope; or

1 2. If not so posted, the date of delivery.

2 F. An overdue payment shall bear simple interest at the rate of
3 ten percent (10%) per year.

4 G. In the event litigation should ensue based upon such a
5 claim, the prevailing party shall be entitled to recover a
6 reasonable ~~attorney's~~ attorney fee to be set by the court and taxed
7 as costs against the party or parties who do not prevail.

8 SECTION 44. AMENDATORY 74 O.S. 2011, Section 1329, is
9 amended to read as follows:

10 Section 1329. ~~The State and Education Employees Group Insurance~~
11 ~~Board ("Board"), and the Director of the Office of State Finance,~~
12 shall contract with a vendor to make available a health savings
13 account to all enrollees in the HealthChoice qualified high-
14 deductible health plan. Any employer or employee contributions to
15 the health savings account shall be allowable as a remittance to the
16 vendor through payroll deduction in conjunction with the employer's
17 Section 125 Plan and shall not be subject to any assessment of
18 administrative fees by the ~~Board,~~ the Office of State Finance or any
19 state agency for remittance to the vendor. The State of Oklahoma,
20 ~~the Board,~~ the Office of State Finance and the Oklahoma State
21 Employees Benefits Council shall take necessary measures to make any
22 employer or employee health savings account contributions
23 permissible under the state's Section 125 Plan.

1 SECTION 45. AMENDATORY 74 O.S. 2011, Section 1329.1, is
2 amended to read as follows:

3 Section 1329.1 ~~The State and Education Employees Group~~
4 ~~Insurance Board~~ Director of the Office of State Finance shall
5 contract for 2012 with a vendor that offers a Health Insurance
6 Portability and Accountability Act (HIPAA) compliant web-based,
7 doctor-patient mutual accountability incentive program. The purpose
8 of the contract is to conduct a pilot project to test the value
9 proposition of a program that offers financial incentives to both
10 the health care provider and the patient for each care encounter in
11 which the provider and patient incorporate evidence-based medicine
12 treatment guidelines, patient health education remedies and other
13 proven medical interventions made available and recorded through the
14 program in the rendering and utilization of health care. The ~~Board~~
15 Director shall use ~~its~~ operating funds to underwrite the cost of
16 this pilot project and shall not pass these costs along to the
17 participating state agencies, or school boards or providers. The
18 ~~Board~~ Director may retain or share with participating state agencies
19 or school boards any savings realized as a result of the pilot
20 program. The program will demonstrate a self-sustaining financial
21 model that, through the savings incurred by better utilization
22 health care programs, will offset the costs of this program with
23 savings. This program will offer the health care provider the
24 flexibility to use the health care provider's clinical judgment to

1 adhere to or deviate from the program's treatment guidelines and
2 still receive a financial incentive, as long as the health care
3 provider communicates care guidelines and patient health education
4 remedies to the patient that include an explanation of the
5 provider's adherence or reason for nonadherence to the guideline.
6 The vendor managing the pilot program shall offer a financial reward
7 to the patient for responding to the vendor's guidelines for care
8 and patient education remedies by demonstrating the patient's
9 understanding of the patient's health condition, by declaring or
10 demonstrating adherence to recommended care, by agreeing to allow
11 the patient's physician to view patient's responses and acknowledge
12 the patient's health accomplishments, and by judging the quality of
13 care given to the patient against these guidelines and recommended
14 care. Any communications to patient and provider shall be in
15 compliance with all HIPAA regulations and standards. Participation
16 in the program shall be voluntary to both the provider and patient
17 on an encounter-by-encounter basis. The program shall be offered
18 and administered by the program vendor through an Internet
19 application that is HIPAA-compliant. This pilot project shall
20 include a minimum of ~~15,000~~ fifteen thousand beneficiaries of the
21 ~~Board~~ Director to achieve a statistical significance and collect and
22 analyze data over a period of three (3) years in order to determine
23 the program's effectiveness and ability to become self-funded.

24

1 SECTION 46. REPEALER 74 O.S. 2011, Sections 1305 and
2 1305.2, are hereby repealed.

3 SECTION 47. This act shall become effective January 1, 2013.
4

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