

1 STATE OF OKLAHOMA

2 2nd Session of the 53rd Legislature (2012)

3 HOUSE BILL 3120

By: Hickman

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5
6 AS INTRODUCED

7 An Act relating to state government; amending 74 O.S.
8 2011, Section 1306, which relates to the powers and
9 duties of the State and Education Employees Group
10 Insurance Board; modifying insurance plan year start
11 date for education employees; authorizing
12 modification of certain plan; and providing an
13 effective date.

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

15 SECTION 1. AMENDATORY 74 O.S. 2011, Section 1306, is
16 amended to read as follows:

17 Section 1306. The State and Education Employees Group Insurance
18 Board shall administer and manage the group insurance plans and the
19 flexible benefits plan and, subject to the provisions of the State
20 and Education Employees Group Insurance Act and the State Employees
21 Flexible Benefits Act, shall have the following powers and duties:

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

24 2. The authority and duty to request bids through the
Purchasing Division of the Department of Central Services for a

1 contract to be the claims administrator for all or any part of such
2 insurance and benefit plans as the Board may offer;

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

5 4. The determination of the eligibility of employees and their
6 dependents to participate in each of the Group Insurance Plans and
7 in such other insurance and benefit plans as the Board may offer and
8 the eligibility of employees to participate in the Life Insurance
9 Plan provided that evidence of insurability shall not be a
10 requirement in determining an employee's initial eligibility;

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

14 6. The establishment of a grievance procedure by which a three-
15 member grievance panel shall act as an appeals body for complaints
16 by insured employees regarding the allowance and payment of claims,
17 eligibility, and other matters. Except for grievances settled to
18 the satisfaction of both parties prior to a hearing, any person who
19 requests in writing a hearing before the grievance panel shall
20 receive a hearing before the panel. The grievance procedure
21 provided by this paragraph shall be the exclusive remedy available
22 to insured employees having complaints against the insurer. Such
23 grievance procedure shall be subject to the ~~Oklahoma~~ Administrative
24 Procedures Act, including provisions thereof for review of agency

1 decisions by the district court. The grievance panel shall schedule
2 a hearing regarding the allowance and payment of claims, eligibility
3 and other matters within sixty (60) days from the date the grievance
4 panel receives a written request for a hearing unless the panel
5 orders a continuance for good cause shown. Upon written request by
6 the insured employee to the grievance panel and received not less
7 than ten (10) days before the hearing date, the grievance panel
8 shall cause a full stenographic record of the proceedings to be made
9 by a competent court reporter at the insured employee's expense;

10 7. The continuing study of the operation of such insurance and
11 benefit plans as the Board may offer including such matters as gross
12 and net costs, administrative costs, benefits, utilization of
13 benefits, and claims administration;

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

17 9. The auditing of the claims paid pursuant to the provisions
18 of the State and Education Employees Group Insurance Act, the State
19 Employees Flexible Benefits Act and the State Employees Disability
20 Program Act;

21 10. a. To select and contract with federally qualified Health
22 Maintenance Organizations under the provisions of 42
23 U.S.C., Section 300e et seq. or with Health
24 Maintenance Organizations granted a certificate of

1 authority by the Insurance Commissioner pursuant to
2 Sections 6901 through 6951 of Title 36 of the Oklahoma
3 Statutes for consideration by employees as an
4 alternative to the state self-insured health plan, and
5 to transfer to the HMOs such funds as may be approved
6 for an employee electing HMO alternative services.
7 The Board may also select and contract with a vendor
8 to offer a point-of-service plan. An HMO may offer
9 coverage through a point-of-service plan, subject to
10 the guidelines established by the Board. However, if
11 the Board chooses to offer a point-of-service plan,
12 then a vendor that offers both an HMO plan and a
13 point-of-service plan may choose to offer only its
14 point-of-service plan in lieu of offering its HMO
15 plan.

- 16 b. Benefit plan contracts with the State and Education
17 Employees Group Insurance Board, Health Maintenance
18 Organizations, and other third-party insurance vendors
19 shall provide for a risk adjustment factor for adverse
20 selection that may occur, as determined by the Board,
21 based on generally accepted actuarial principles. The
22 risk adjustment factor shall include all members
23 participating in the plans offered by the State and
24 Education Employees Group Insurance Board. The

1 Oklahoma State Employees Benefits Council shall
2 contract with an actuary to provide the above
3 actuarial services, and shall be reimbursed for these
4 contract expenses by the Board.

5 c. Effective for the plan year beginning January 1, 2007,
6 and for each year thereafter, in setting health
7 insurance premiums for active employees and for
8 retirees under sixty-five (65) years of age, HMOs,
9 self-insured organizations and prepaid plans shall set
10 the monthly premium for active employees to be equal
11 to the premium for retirees under sixty-five (65)
12 years of age;

13 11. To contract for reinsurance, catastrophic insurance, or any
14 other type of insurance deemed necessary by the Board. Provided,
15 however, that the Board shall not offer a health plan which is owned
16 or operated by the state and which utilizes a capitated payment plan
17 for providers which uses a primary care physician as a gatekeeper to
18 any specialty care provided by physician-specialists, unless
19 specifically authorized by the Legislature;

20 12. The Board, pursuant to the provisions of Section 250 et
21 seq. of Title 75 of the Oklahoma Statutes, shall adopt such rules
22 consistent with the provisions of the State and Education Employees
23 Group Insurance Act as it deems necessary to carry out its statutory
24 duties and responsibilities. Emergency Rules adopted by the Board

1 and approved by the Governor which are in effect on the first day of
2 the Regular Session of the Oklahoma Legislature shall not become
3 null and void until January 15 of the subsequent calendar year;

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

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

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

1 expenses and changes in liabilities to the Director of the Office of
2 State Finance and the Director of the Legislative Service Bureau no
3 later than March 1 of the previous fiscal year.

4 Effective for the plan year beginning January 1, 2007, and for
5 each plan year thereafter, in setting health insurance premiums for
6 active employees and retirees under sixty-five (65) years of age,
7 the Board shall set the monthly premium for active employees to be
8 equal to the monthly premium for retirees under sixty-five (65)
9 years of age. Effective for the plan year beginning January 1,
10 2013, and for each plan year thereafter, the plan year shall begin
11 on the first day of July for education employees. The Board shall
12 modify the plan for plan year 2013 to accommodate the July 1 start
13 date;

14 16. Before December 1 of each year the Board shall submit to
15 the Director of the Office of State Finance a report outlining the
16 financial condition for the previous fiscal year of all insurance
17 plans offered by the Board. The report shall include a complete
18 explanation of all reserve funds and the actuarial projections on
19 the need for such reserves. The report shall include and disclose
20 an estimate of the future trend of medical costs, the impact from
21 HMO enrollment, antiselection, changes in law, and other
22 contingencies that could impact the financial status of the plan.
23 The Director of the Office of State Finance shall make written
24 comment on the report and shall provide such comment, along with the

1 report submitted by the Board, to the Governor, the President Pro
2 Tempore of the Senate, the Speaker of the House of Representatives
3 and the Chair of the Oklahoma State Employees Benefits Council by
4 January 15;

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

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

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

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

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

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

23 The Joint Liaison Committee on State and Education Employees
24 Group Insurance Benefits shall serve as a liaison with the State and

1 Education Employees Group Insurance Board regarding advice,
2 guidance, policy, management, operations, plans, programs and fiscal
3 needs of said Board. Said Board shall not be bound by any action of
4 the Joint Committee; and

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

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

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