

1 STATE OF OKLAHOMA

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

3 SENATE BILL 777

By: Aldridge

4
5 AS INTRODUCED

6
7 An Act relating to government health plans and
8 benefits; amending 11 O.S. 2001, Section 23-108, as
9 amended by Section 4, Chapter 515, O.S.L. 2004 (11
10 O.S. Supp. 2010, Section 23-108), which relates to
11 insurance benefits for certain municipal employees;
12 modifying agency designation; amending Section 4,
13 Chapter 319, O.S.L. 2003, as amended by Section 2,
14 Chapter 139, O.S.L. 2008 (19 O.S. Supp. 2010, Section
15 746.1), which relates to the Medical Expense
16 Liability Revolving Fund; modifying agency
17 designations; amending Section 5, Chapter 319, O.S.L.
18 2003, as last amended by Section 3, Chapter 139,
19 O.S.L. 2008, and 20 O.S. 2001, Section 1652 (20 O.S.
20 Supp. 2010, Section 1313.7), which relate to court
21 fees; modifying agency designation; amending 36 O.S.
22 2001, Sections 1250.2, as last amended by Section 1,
23 Chapter 323, O.S.L. 2009, 6058A, as last amended by
24 Section 2, Chapter 393, O.S.L. 2004, 6060.4, as last
amended by Section 33, Chapter 222, O.S.L. 2010,
6542, as last amended by Section 6, Chapter 404,
O.S.L. 2008, and 6553 (36 O.S. Supp. 2010, Sections
1250.2, 6058A, 6060.4 and 6542), which relate to the
Oklahoma Insurance Code; modifying agency
designations; amending 40 O.S. 2001, Section 483,
which relates to benefits of certain state employees
after agency transfer; modifying agency designation;
amending Section 8, Chapter 366, O.S.L. 2008, and
Section 21, Chapter 3, O.S.L. 2002 (43A O.S. Supp.
2002, Section 3-701a), as last amended by Section 1,
Chapter 337, O.S.L. 2007, and as renumbered by
Section 2, Chapter 337, O.S.L. 2007 (57 O.S. Supp.
2010, Sections 38.3 and 627), which relate to medical
care for inmates; modifying agency designation;
amending 62 O.S. 2001, Sections 7.2, as last amended
by Section 36, Chapter 441, O.S.L. 2009, and as
renumbered by Section 64, Chapter 441, O.S.L. 2009,

1 and 7.1, as amended by Section 1, Chapter 123, O.S.L.
2 2008, and as renumbered by Section 64, Chapter 441,
3 O.S.L. 2009 (62 O.S. Supp. 2010, Sections 34.56 and
4 34.57), which relate to the Oklahoma State Finance
5 Act; modifying agency designations; amending 62 O.S.
6 2001, Section 139.47, as last amended by Section 1,
7 Chapter 309, O.S.L. 2004 (62 O.S. Supp. 2010, Section
8 139.47), which relates to State Emergency Fund
9 expenditures; modifying agency designations; amending
10 Section 1, Chapter 276, O.S.L. 2009 (63 O.S. Supp.
11 2010, Section 1-131), which relates to the creation
12 of the Health Information Advisory Board; modifying
13 agency designation; amending 63 O.S. 2001, Sections
14 2550.1 and 2622, which relate to definitions;
15 modifying definitions; amending 68 O.S. 2001, Section
16 2357.33, as last amended by Section 13, Chapter 327,
17 O.S.L. 2010 (68 O.S. Supp. 2010, Section 2357.33),
18 which relates to tax credits for certain
19 immunizations; modifying agency designation; amending
20 Section 4, Chapter 119, O.S.L. 2004, as amended by
21 Section 3, Chapter 248, O.S.L. 2004 (70 O.S. Supp.
22 2010, Section 18-114.11), which relates to
23 compensation for certain educational personnel;
24 modifying agency designation; amending 70 O.S. 2001,
Sections 26-104, as last amended by Section 1,
Chapter 180, O.S.L. 2007, and 26-105, as last amended
by Section 2, Chapter 180, O.S.L. 2007 (70 O.S. Supp.
2010, Sections 26-104 and 26-105), which relate to
flexible benefit allowances for certain school
district employees; modifying agency designation;
requiring participation of new employees in health
plan; specifying approved uses of excess benefit
allowance; specifying excess benefit shall not be
used as income of new employees; amending 74 O.S.
2001, Sections 85.7, as last amended by Section 7,
Chapter 322, O.S.L. 2009, and 85.58A, as last amended
by Section 2, Chapter 352, O.S.L. 2008 (74 O.S. Supp.
2010, Sections 85.7 and 85.58A), which relate to the
Oklahoma Central Purchasing Act; modifying agency
designations; specifying Department of Central
Services shall not administer risk management program
for Oklahoma Health and Wellness Board insurance
plans; amending 74 O.S. 2001, Section 212, as amended
by Section 1, Chapter 413, O.S.L. 2010 (74 O.S. Supp.
2010, Section 212), which relates to the authority of
the State Auditor; modifying agency designation;
amending 74 O.S. 2001, Sections 840-2.21, as last

1 amended by Section 8, Chapter 312, O.S.L. 2004, 840-
2 2.27D, as last amended by Section 94, Chapter 5,
3 O.S.L. 2004, 840-2.27I, 840-5.2B, 840-5.5, as last
4 amended by Section 1, Chapter 392, O.S.L. 2010, and
5 840-5.20 (74 O.S. Supp. 2010, Sections 840-2.21, 840-
6 2.27D and 840-5.5), which relate to the Oklahoma
7 Personnel Act; modifying agency designations;
8 amending 74 O.S. 2001, Section 908 and Section 1,
9 Chapter 449, O.S.L. 2004, as amended by Section 2,
10 Chapter 367, O.S.L. 2007 (74 O.S. Supp. 2010, Section
11 915.3), which relate to the Oklahoma Public Employees
12 Retirement System; modifying agency designations;
13 amending 74 O.S. 2001, Sections 1301, 1302, 1303, as
14 last amended by Section 13, Chapter 415, O.S.L. 2008,
15 1305, 1305.1, as amended by Section 2, Chapter 196,
16 O.S.L. 2002, 1305.2, 1306, as last amended by Section
17 3, Chapter 231, O.S.L. 2006, 1306.2, 1306.3, Section
18 1, Chapter 198, O.S.L. 2002, Section 6, Chapter 319,
19 O.S.L. 2003, 1307, 1307.1, 1307.2, 1308, as amended
20 by Section 3, Chapter 345, O.S.L. 2004, 1308.1, as
21 amended by Section 1, Chapter 41, O.S.L. 2004,
22 1308.2, Section 4, Chapter 231, O.S.L. 2006, as
23 amended by Section 14, Chapter 415, O.S.L. 2008,
24 1310, 1310.1, as last amended by Section 1, Chapter
373, O.S.L. 2004, Section 3, Chapter 418, O.S.L.
2002, 1311, 1311.1, 1312, 1312.1, 1312.2, 1312.3,
1314, 1314.2, 1314.3, as amended by Section 1,
Chapter 278, O.S.L. 2004, 1314.5, as amended by
Section 3, Chapter 278, O.S.L. 2004, 1315, as last
amended by Section 4, Chapter 345, O.S.L. 2004,
Section 1, Chapter 71, O.S.L. 2002, 1316.1, as
amended by Section 1, Chapter 127, O.S.L. 2002,
1316.2, as last amended by Section 2, Chapter 198,
O.S.L. 2005, 1316.3, as last amended by Section 3,
Chapter 198, O.S.L. 2005, 1317, 1318, 1320, as
amended by Section 73, Chapter 264, O.S.L. 2006,
1321, as last amended by Section 5, Chapter 231,
O.S.L. 2006, 1323, as amended by Section 7, Chapter
345, O.S.L. 2004, 1324, 1325, 1326, 1327 and 1328, as
amended by Section 1, Chapter 155, O.S.L. 2002 (74
O.S. Supp. 2010, Sections 1303, 1305.1, 1306, 1306.5,
1306.6, 1308, 1308.1, 1309.1, 1310.1, 1310.2, 1314.3,
1314.5, 1315, 1315.1, 1316.1, 1316.2, 1316.3, 1320,
1321, 1323 and 1328), which relate to the State and
Education Employees Group Insurance Act; designating
act the Oklahoma Health and Wellness Act; providing
for uniformity of benefits coverage; modifying

1 definitions; creating Oklahoma Health and Wellness
2 Board; providing for membership of Board; specifying
3 duties of chair of Board; providing for succession of
4 Board chairs; providing for appointment of Board
5 members; specifying appointing authorities of Board;
6 limiting appointment of members of certain existing
7 board and council; providing duration of term of
8 Board members; providing for travel reimbursement;
9 providing for organizational meeting; specifying
10 Insurance Commissioner shall call organizational
11 meeting; prohibiting members of Board from being
12 lobbyists; prohibiting members of Board from being
13 employed by firm or provider contracting with the
14 state; providing exception; providing for vacancies
15 on Board; requiring compliance with Open Meeting Act;
16 exempting Board from Sunset Law requirements;
17 directing Board to adopt certain rules; requiring
18 majority to call for special meetings; restricting
19 Board members from accepting gifts or gratuities;
20 eliminating certain duties of the Board; eliminating
21 authority to invest in certain assets; modifying
22 Board investment committee size; directing Board to
23 identify and eliminate certain duplicative functions
24 and positions; requiring Board to provide certain
report; directing Board to request any necessary
statutory modifications in report; directing that
specified excess funds in certain reserve fund be
used to fund health savings accounts; directing Board
to fund certain accounts; requiring Board to provide
certain report; directing Board to utilize certain
surplus to fund specified accounts; requiring Board
to establish wellness program; requiring use of
financial incentives; modifying agency designation;
directing Board to develop wellness strategy;
directing Board to promote and coordinate medical
home providers; directing Board to develop certain
infrastructure; specifying elements of infrastructure
improvement; directing Board to create two divisions;
specifying designation of new divisions; specifying
duties of HealthChoice Health Insurance Division;
requiring that investments be diversified; requiring
compliance with certain acts; limiting investment
discretion of Division; defining term; limiting
authority of Board to select and contract certain
health maintenance organization contracts;
eliminating Board authority to adopt certain rules;
renaming Joint Liaison Committee on State and

1 Education Employees Group Insurance Benefits the
2 Joint Liaison Committee on Oklahoma Health and
3 Wellness; requiring a final report to be submitted by
4 certain date; providing that the Task Force shall
5 cease to have force and effect of law as of certain
6 date; updating statutory references; authorizing
7 Board to extend benefits of state health and wellness
8 plan to certain persons not employed by the state;
9 providing that excess benefit allowance for specified
10 employees shall be transferred to certain account;
11 amending 74 O.S. 2001, Sections 1332, 1332.1, 1332.2,
12 1333 and 1335, which relate to the State Employees
13 Disability Program Act; modifying agency
14 designations; updating statutory references; amending
15 74 O.S. 2001, Sections 1342, 1344, as last amended by
16 Section 6, Chapter 231, O.S.L. 2006, and 1346 (74
17 O.S. Supp. 2010, Section 1344), which relate to the
18 State Employees Flexible Benefits Act; modifying
19 agency designations; updating statutory references;
20 amending 74 O.S. 2001, Sections 1365, as last amended
21 by Section 1, Chapter 28, O.S.L. 2009, 1366, Section
22 10, Chapter 439, O.S.L. 2002, 1368, 1370, as last
23 amended by Section 2, Chapter 28, O.S.L. 2009, 1371,
24 as last amended by Section 6, Chapter 269, O.S.L.
2007, 1372, as amended by Section 1, Chapter 369,
O.S.L. 2003, 1373, Section 1, Chapter 501, O.S.L.
2002, as last amended by Section 9, Chapter 231,
O.S.L. 2006, and Section 7, Chapter 269, O.S.L. 2007
(74 O.S. Supp. 2010, Sections 1365, 1366.1, 1370,
1371, 1372, 1374 and 1375), which relate to the
Oklahoma State Employees Benefits Act; modifying
agency designations; specifying Employee Benefits
Division shall construe and interpret certain health
plan; specifying Employee Benefits Division shall
negotiate and contract with single health maintenance
organization; updating statutory references;
providing certain employees shall not be held
responsible for action of Division; requiring
remittance of certain percentage of administrative
costs by Board to General Revenue Fund; requiring
Office to provide certain report; specifying Board
shall select health maintenance organization offering
statewide services; providing that benefit allowance
shall not decrease after certain date; modifying
method for determination of allowance; specifying
excess benefit allowance for specified employees
shall be transferred to certain account; specifying

1 excess benefit allowance accrued after certain date
2 shall be transferred to certain account; combining
3 certain duties of State Employees Benefits Council
4 and State and Education Employees Group Insurance
5 Board into duties of Oklahoma Health and Wellness
6 Board; modifying plural references to health
7 maintenance organizations to single organization;
8 requiring actuarially sound premium rates; requiring
9 review of rates by actuary; providing for the
10 selection of the actuary; modifying reference to act;
11 amending 74 O.S. 2001, Sections 1382, as amended by
12 Section 1, Chapter 50, O.S.L. 2006, 1383 and 1384 (74
13 O.S. Supp. 2010, Section 1382), which relate to the
14 Wellness Program Act; modifying agency designations;
15 providing that state employees shall be enrolled in
16 wellness program; directing Wellness Council to
17 establish certain incentives for participation;
18 specifying Wellness Council shall encourage
19 participation by dependents of state employees;
20 requiring coordination of efforts by Wellness Council
21 with Oklahoma Health and Wellness Board; amending
22 Section 1, Chapter 17, O.S.L. 2002, as last amended
23 by Section 5, Chapter 300, O.S.L. 2008, and Section
24 2, Chapter 463, O.S.L. 2004, as last amended by
Section 1, Chapter 430, O.S.L. 2010 (74 O.S. Supp.
2010, Sections 3601.1 and 3601.2), which relate to
the State Employment Review Board; modifying agency
designations; amending Section 5, Chapter 459, O.S.L.
2003, as last amended by Section 4, Chapter 234,
O.S.L. 2005 (82 O.S. Supp. 2010, Section 864.1),
which relates to retirement provisions for retirees
of the Grand River Dam Authority; modifying agency
designation; repealing 74 O.S. 2001, Section 1304, as
last amended by Section 2, Chapter 231, O.S.L. 2006
(74 O.S. Supp. 2010, Section 1304), which relates to
the creation of the State and Education Employees
Group Insurance Board; repealing 74 O.S. 2001,
Sections 1361, 1362, 1364, as amended by Section 1,
Chapter 178, O.S.L. 2010 and Section 3, Chapter 489,
O.S.L. 2002 (74 O.S. Supp. 2009, Sections 1364 and
1366.2), which relate to the Oklahoma State Employees
Benefits Act; providing for codification; and
declaring an emergency.

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

2 SECTION 1. AMENDATORY 11 O.S. 2001, Section 23-108, as
3 amended by Section 4, Chapter 515, O.S.L. 2004 (11 O.S. Supp. 2010,
4 Section 23-108), is amended to read as follows:

5 Section 23-108. A. A municipality may provide hospital and
6 medical benefits, accident, health, and life insurance, or any of
7 the aforesaid, through any company authorized to do business in
8 Oklahoma, for any or all of its officers or employees and their
9 dependents, whether ~~said~~ the officers or employees are engaged in a
10 governmental or nongovernmental function of the municipality. A
11 municipality may also provide such benefits when an officer or
12 employee is ordered by proper authority to active duty in the
13 National Guard or Reserve Corps of the Armed Forces of the United
14 States. The municipality may pay a portion or all of ~~said~~ the
15 premiums from any municipal general funds, and may deduct from the
16 wages or salary of any such officer or employee, upon written
17 authority signed by the officer or employee, amounts for the payment
18 of all or any portion of the monthly premium for same.

19 B. 1. For the purposes of and as used in this subsection:

20 a. "affected municipality" means a municipality that
21 provides hospital and medical benefits, accident and
22 health insurance, or any of the aforesaid, for any or
23 all of its officers or employees and their dependents
24

1 pursuant to the provisions of subsection A of this
2 section,

3 b. "health insurance plan" means the hospital and medical
4 benefits, accident and health insurance, or any of the
5 aforesaid, provided by an affected municipality to its
6 officers or employees pursuant to the provisions of
7 subsection A of this section,

8 c. "retired employee" means any officer or employee of an
9 affected municipality who receives a continuing
10 benefit pursuant to the provisions of the Oklahoma
11 Public Employees Retirement System, a municipal
12 retirement system authorized pursuant to the
13 provisions of ~~Section~~ Sections 48-101 ~~et seq.~~ through
14 48-106 of this title, the Oklahoma Firefighters
15 Pension and Retirement System, or the Oklahoma Police
16 Pension and Retirement System, and who began receiving
17 ~~said~~ the benefits immediately after termination of
18 employment, taking into consideration any
19 administrative delays in establishing ~~said~~ the
20 continuing benefits, with an affected municipality,
21 provided that the phrase "retired employee" shall
22 include elected officers that have served eight (8) or
23 more years with an affected municipality and the
24

1 survivor of ~~said~~ the elected officer or officer or
2 employee, and

3 d. "survivor" means a survivor of a retired employee who
4 would have been eligible to make the election
5 authorized by this subsection and shall be determined
6 in accordance with the applicable rules of the
7 retirement system from which ~~said~~ the retired employee
8 qualified to receive benefits. Provided, "survivor"
9 shall also mean the surviving spouse or the surviving
10 minor child or children of a person who was an
11 employee or elected official of an affected
12 municipality on or after July 1, 1992, and who
13 continuously participated in the hospital and medical
14 benefits insurance plan of ~~said~~ the affected
15 municipality at the time of the death of ~~said~~ the
16 employee.

17 2. Notwithstanding any other state or federal law, a retired
18 employee may continue in force the health insurance plan offered by
19 the affected municipality that last employed ~~said~~ the retired
20 employee.

21 3. To participate in the health insurance plan offered by a
22 retired employee's affected municipality, the retired employee shall
23 elect to participate in the health insurance plan within thirty (30)
24

1 days from the date of termination of employment with ~~said~~ the
2 affected municipality.

3 4. The retired employee who participates in the health
4 insurance plan pursuant to this subsection shall pay up to the full
5 cost of ~~said~~ the health insurance plan at the rates and pursuant to
6 the terms and conditions established by the affected municipality,
7 provided the amount of the retired employee's premiums and dependent
8 premiums for ~~said~~ the health insurance plan paid by ~~said~~ the retired
9 employee who is under sixty-five (65) years of age shall be no
10 greater than one hundred twenty-five percent (125%) of the amount of
11 the officer or employee premiums and dependent premiums for the
12 health insurance plan paid by or on behalf of an officer or employee
13 who is currently employed by the affected municipality.

14 5. An affected municipality that offers a health insurance plan
15 in accordance with this section to its officers or employees and
16 dependents shall offer the same health insurance plan to those
17 retired employees and their dependents who elect to continue in
18 force or participate in ~~said~~ the health insurance plan in accordance
19 with this subsection unless the retired employee or dependent is
20 over sixty-five (65) years of age and qualifies for Medicare.

21 6. An affected municipality that provides a health insurance
22 plan to retired employees pursuant to this subsection shall also
23 offer a Medicare supplement plan to those retired employees and
24 their dependents who are over sixty-five (65) years of age.

1 7. An affected municipality which participates in the plan or
2 plans offered by the ~~State and Education Employees Group Insurance~~
3 Oklahoma Health and Wellness Board shall not be subject to the
4 provisions of this subsection so long as ~~said~~ the participation
5 continues.

6 8. If a retired employee who retires from an affected
7 municipality that participates in a municipal retirement system
8 authorized pursuant to the provisions of ~~Section~~ Sections 48-101 ~~et~~
9 ~~seq.~~ through 48-106 of this title does not receive a continuing
10 benefit from ~~said~~ the municipal retirement system because of a lump
11 sum distribution from ~~said~~ the retirement system to ~~said~~ the retired
12 employee or because ~~said~~ the municipal retirement system is
13 discontinued, ~~said~~ the retired employee shall be entitled to make
14 the election authorized pursuant to this subsection if ~~said~~ the
15 retired employee was employed by the affected municipality for at
16 least eight (8) years or was disabled due to a line-of-duty injury
17 while employed by and unable to continue similar employment with
18 ~~said~~ the affected municipality.

19 C. Public and private educational institutions of the state not
20 supported by any state appropriated funds may purchase annuity
21 contracts for any of their full-time officers and employees from any
22 insurance company organized and operated without profit to any
23 private shareholder or individual exclusively for the purpose of
24

1 aiding and strengthening educational institutions, whether or not
2 such company be authorized to do business in Oklahoma.

3 SECTION 2. AMENDATORY Section 4, Chapter 319, O.S.L.
4 2003, as amended by Section 2, Chapter 139, O.S.L. 2008 (19 O.S.
5 Supp. 2010, Section 746.1), is amended to read as follows:

6 Section 746.1 There is hereby created in the State Treasury a
7 revolving fund for the ~~State and Education Employees Group Insurance~~
8 Oklahoma Health and Wellness Board to be designated the "Medical
9 Expense Liability Revolving Fund". The fund shall be a continuing
10 fund, not subject to fiscal year limitations, and shall consist of
11 all monies received from fees assessed pursuant to Section 1313.7 of
12 Title 20 of the Oklahoma Statutes. All monies accruing to the
13 credit of the fund shall be appropriated and may be budgeted and
14 expended by the ~~State and Education Employees Group Insurance~~
15 Oklahoma Health and Wellness Board for qualified medical expenses
16 for inmates or persons in the custody of a county or city jail
17 pursuant to the criteria set forth in Section 1313.7 of Title 20 of
18 the Oklahoma Statutes. A portion of the Medical Expense Liability
19 Revolving Fund shall be used for the costs the Board incurred in
20 administering such monies.

21 Expenditures from the fund shall be made upon warrants issued by
22 the State Treasurer against claims filed as prescribed by law with
23 the Director of the Office of State Finance for approval and
24 payment.

1 SECTION 3. AMENDATORY Section 5, Chapter 319, O.S.L.
2 2003, as last amended by Section 3, Chapter 139, O.S.L. 2008 (20
3 O.S. Supp. 2010, Section 1313.7), is amended to read as follows:

4 Section 1313.7 A. In addition to the fees imposed by Sections
5 1313.2 and 1313.3 of this title, any person convicted of any
6 offense, excluding municipal ordinances, traffic offenses and
7 parking and standing violations, but including violations of Section
8 11-902 of Title 47 of the Oklahoma Statutes, punishable by a fine of
9 Ten Dollars (\$10.00) or more or by incarceration or any person
10 forfeiting bond when charged with such offense, shall be ordered by
11 the court to pay a medical expense liability fee in the amount of
12 Ten Dollars (\$10.00) for each offense to the Medical Expense
13 Liability Revolving Fund provided for in Section 746.1 of Title 19
14 of the Oklahoma Statutes. The fee shall be in addition to and not
15 in substitution for any and all fines and penalties otherwise
16 provided for by law for such offense.

17 B. The county court clerk shall cause to be deposited the
18 amount of Ten Dollars (\$10.00) as collected, for every conviction as
19 described in this subsection. The county court clerk shall remit
20 the monies in the fund on a monthly basis to the Medical Expense
21 Liability Revolving Fund.

22 The monies from the Medical Expense Liability Revolving Fund
23 shall be used when all of the following criteria are met:
24

1 1. The county has not filed a claim against the fund in the
2 previous twelve (12) months;

3 2. A county jail in this state is determined to be liable for
4 the medical expense or expenses of a state inmate or person in
5 custody on state charges as provided by law. The minimum expense
6 amount that shall qualify for consideration is Eight Thousand
7 Dollars (\$8,000.00) per ailment or injury;

8 3. The county clerk of the county makes a written claim to the
9 ~~State and Education Employees Group Insurance~~ Oklahoma Health and
10 Wellness Board regarding a county medical expense. In addition to
11 the written claim, all of the medical records and bills shall be
12 submitted that relate to the medical expense under consideration;
13 and

14 4. It is determined that the state inmate or person in custody
15 on state charges lacks the ability and resources to cover the
16 medical expense or expenses.

17 C. The Medical Expense Liability Revolving Fund shall not pay
18 any expenses in excess of One Hundred Thousand Dollars (\$100,000.00)
19 per state inmate or person in custody on state charges. The ~~State~~
20 ~~and Education Employees Group Insurance~~ Oklahoma Health and Wellness
21 Board shall pay valid requests for reimbursements quarterly based
22 upon a pro rata share of available funds being distributed between
23 all valid claims received within the preceding quarter. In the
24 event there are insufficient funds available to pay any outstanding

1 requests, the Board shall pay such requests only after sufficient
2 funds have accumulated. Nothing in this subsection shall be
3 construed to require payment in full of any or all valid claims or
4 the holding of any or all valid claims until sufficient funds have
5 accumulated to pay the claims in full.

6 D. If the state inmate or person in custody on state charges
7 receives any type of compensation or award from a collateral source
8 as a result of the ailment or injury which is paid by the Medical
9 Expense Liability Revolving Fund, the state shall be subrogated to
10 the rights of a claimant to receive or recover from a collateral
11 source to the extent that medical expenses were awarded.

12 SECTION 4. AMENDATORY 20 O.S. 2001, Section 1652, is
13 amended to read as follows:

14 Section 1652. A. The Council on Judicial Complaints is an
15 agency in the Executive Department.

16 B. The Council shall not be subject to the provisions of the
17 Oklahoma Sunset Law.

18 C. The Council shall not be subject to the provisions of the
19 Oklahoma Open Meeting Act when conducting, discussing, or
20 deliberating any matter relating to a complaint received or filed
21 with the Council.

22 D. The Council shall be subject to the provisions of the
23 Oklahoma Open Records Act to the extent provided in paragraph 2 of
24 Section 24A.3 of Title 51 of the Oklahoma Statutes.

1 E. 1. Employees of the Council shall be in the unclassified
2 service for the purposes of the Oklahoma Personnel Act.

3 2. Employees shall be members of the Oklahoma Public Employees
4 Retirement System and shall be eligible to participate in employee
5 benefit programs administered by the Oklahoma ~~State and Education~~
6 ~~Employees Group Insurance~~ Health and Wellness Board.

7 3. Any person who is employed by the Council who is a state
8 employee at the time he or she is hired by the Council shall retain
9 and continue to accrue all state employee benefits without a break
10 in service.

11 F. The Council shall not be subject to the provisions of the
12 Records Management Act nor to the rules of the Archives and Records
13 Commission.

14 SECTION 5. AMENDATORY 36 O.S. 2001, Section 1250.2, as
15 last amended by Section 1, Chapter 323, O.S.L. 2009 (36 O.S. Supp.
16 2010, Section 1250.2), is amended to read as follows:

17 Section 1250.2 As used in the Unfair Claims Settlement
18 Practices Act:

19 1. "Agent" means any individual, corporation, association,
20 partnership, or other legal entity authorized to represent an
21 insurer with respect to a claim;

22 2. "Claimant" means either a first party claimant, a third
23 party claimant, or both, and includes such claimant's designated
24

1 legal representatives and includes a member of the claimant's
2 immediate family designated by the claimant;

3 3. "Commissioner" means the Insurance Commissioner;

4 4. "First-party claimant" means an individual, corporation,
5 association, partnership, or other legal entity, including a
6 subscriber under any plan providing health services, asserting a
7 right to payment pursuant to an insurance policy or insurance
8 contract for an occurrence of contingency or loss covered by such
9 policy or contract;

10 5. "Health benefit plan" means group hospital or medical
11 insurance coverage, a not-for-profit hospital or medical service or
12 indemnity plan, a prepaid health plan, a health maintenance
13 organization plan, a preferred provider organization plan, the State
14 and Education Employees Group Health Insurance Plan, and coverage
15 provided by a Multiple Employer Welfare Arrangement (MEWA) or
16 employee self-insured plan except as exempt under federal ERISA
17 provisions. The term shall not include short-term accident, fixed
18 indemnity, or specified disease policies, disability income
19 contracts, limited benefit or credit disability insurance, workers'
20 compensation insurance coverage, automobile medical payment
21 insurance, or insurance under which benefits are payable with or
22 without regard to fault and which is required by law to be contained
23 in any liability insurance policy or equivalent self-insurance;

24

1 6. "Insurance policy or insurance contract" means any contract
2 of insurance, certificate, indemnity, medical or hospital service,
3 suretyship, annuity, subscriber certificate or any evidence of
4 coverage of a health maintenance organization issued, proposed for
5 issuance, or intended for issuance by any entity subject to this
6 Code;

7 7. "Insurer" means a person licensed by the Commissioner to
8 issue or who issues any insurance policy or insurance contract in
9 this state, including CompSource, and also includes health
10 maintenance organizations. Provided that, for the purposes of
11 paragraphs 15 and 16 of Section 1250.5 of this title, "insurer"
12 shall include the ~~State and Education Employees Group Insurance~~
13 Oklahoma Health and Wellness Board;

14 8. "Investigation" means all activities of an insurer directly
15 or indirectly related to the determination of liabilities under
16 coverages afforded by an insurance policy or insurance contract;

17 9. "Notification of claim" means any notification, whether in
18 writing or other means acceptable under the terms of an insurance
19 policy or insurance contract, to an insurer or its agent, by a
20 claimant, which reasonably apprises the insurer of the facts
21 pertinent to a claim;

22 10. "Preauthorization/precertification" means a determination
23 by a health benefit plan, based on the information presented at the
24 time by the health care provider, that health care services proposed

1 by the health care provider are medically necessary. The term shall
2 include "authorization", "certification" and any other term that
3 would be a reliable determination by a health benefit plan. A
4 preauthorization/precertification from a previous health plan shall
5 not bind a succeeding health benefit plan;

6 11. "Third-party claimant" means any individual, corporation,
7 association, partnership, or other legal entity asserting a claim
8 against any individual, corporation, association, partnership, or
9 other legal entity insured under an insurance policy or insurance
10 contract; and

11 12. "Verification of eligibility" means a representation by a
12 health benefit plan to a health care provider that a claimant is
13 entitled to covered benefits under the policy. Such verification of
14 eligibility shall be valid for four (4) business days from the date
15 given by the health benefit plan.

16 SECTION 6. AMENDATORY 36 O.S. 2001, Section 6058A, as
17 last amended by Section 2, Chapter 393, O.S.L. 2004 (36 O.S. Supp.
18 2010, Section 6058A), is amended to read as follows:

19 Section 6058A. A. Notwithstanding any other provision of law,
20 an insurer shall not deny enrollment of a child under the health
21 plan of the child's parent on the grounds that:

22 1. The child was born out of wedlock;

23 2. The child is not claimed as a dependent on the parent's
24 federal income tax return; or

1 3. The child does not reside with the parent or in the
2 insurer's service area.

3 B. If a child has health coverage through an insurer of a
4 noncustodial parent the insurer shall:

5 1. Upon request, provide complete information to the custodial
6 person, the designated agency administering the State Medicaid
7 Program, the state agency administering the provisions of 42 U.S.C.,
8 Sections 5 through 669, or the Child Support Enforcement Division of
9 the Department of Human Services, regarding any insurance benefits
10 to which the child is entitled, and any forms, publications, or
11 documents necessary to apply for or to utilize the benefits
12 available through that coverage;

13 2. Permit the custodial person, the designated agency
14 administering the State Medicaid Program, or the provider with
15 approval, to submit claims for covered services without the approval
16 of the noncustodial parent; and

17 3. Make payments on claims submitted in accordance with
18 paragraph 2 of this subsection directly to the custodial person, the
19 provider, or the designated agency administering the State Medicaid
20 Program.

21 C. When a parent is required by a court or administrative order
22 to provide health coverage for a child, and the parent is eligible
23 for family health coverage, the insurer shall be required:

24

1 1. To permit the parent to enroll, under the family coverage, a
2 child who is otherwise eligible for the coverage without regard to
3 any enrollment season restrictions;

4 2. To enroll the child under family coverage and deduct the
5 employee's cost of the coverage from the employee's wages. The
6 enrollment shall be made upon application to the employer by the
7 custodial person, the designated agency administering the State
8 Medicaid Program, or the state agency administering the provisions
9 of 42 U.S.C., Sections 5 to 669, the Child Support Enforcement
10 Division; and

11 3. Not to disenroll, or eliminate coverage for the child unless
12 the insurer is provided satisfactory written evidence that:

13 a. the court or administrative order is no longer in
14 effect, or

15 b. the child is or will be enrolled in comparable health
16 coverage through another insurer which will take
17 effect not later than the effective date of
18 disenrollment;

19 provided, however, the provisions of this subsection shall not apply
20 where the coverage is through a group plan and the group's coverage
21 through the insurer is discontinued or the noncustodial parent
22 ceases to be eligible for participation in the group plan.

23 D. An insurer may not impose requirements on a state agency,
24 which has been assigned the rights of an individual eligible for

1 medical assistance under Medicaid and covered for health benefits
2 from the insurer, that are different from requirements applicable to
3 an agent or assignee of any other individual covered.

4 E. As used in this section, "insurer" includes a licensed
5 insurance company, not-for-profit hospital service or medical
6 indemnity corporation, a fraternal benefit society, a health
7 maintenance organization, a prepaid plan, a preferred provider
8 organization, a multiple employer welfare arrangement, a self-
9 insured, the ~~State and Education Employees Group Insurance~~ Oklahoma
10 Health and Wellness Board, or any other entity providing a plan of
11 health insurance or health benefits in this state.

12 F. If child support services are being provided under the state
13 child support plan as provided under Section 237 of Title 56 of the
14 Oklahoma Statutes, the Child Support Enforcement Division shall
15 notify the parent's employer to enroll the child in health care
16 coverage available under the employer's plan by sending the employer
17 a National Medical Support Notice issued pursuant to Section
18 466(a)(19) of the Social Security Act, and Section 609(a)(5)(C) of
19 the Employee Retirement Income Security Act of 1974, as soon as the
20 National Medical Support Notice is promulgated by the United States
21 Department of Health and Human Services. The insurer, upon receipt
22 from the employer of Part B of the National Medical Support Notice
23 to Plan Administrator, shall comply with Part B of the National
24 Medical Support Notice. The insurer may be fined up to Two Hundred

1 Dollars (\$200.00) per month per child for each failure to comply
2 with the requirements of the National Medical Support Notice. Fines
3 collected shall be remitted to the Child Support Revenue Enhancement
4 Fund created pursuant to Section 225 of Title 56 of the Oklahoma
5 Statutes.

6 G. The Department of Human Services shall promulgate rules as
7 necessary to implement the provisions of this section.

8 SECTION 7. AMENDATORY 36 O.S. 2001, Section 6060.4, as
9 last amended by Section 33, Chapter 222, (36 O.S. Supp. 2010,
10 Section 6060.4), is amended to read as follows:

11 Section 6060.4 A. A health benefit plan delivered, issued for
12 delivery or renewed in this state on or after January 1, 1998, that
13 provides benefits for the dependents of an insured individual shall
14 provide coverage for each child of the insured, from birth through
15 the date the child is eighteen (18) years of age for:

- 16 1. Immunization against:
- 17 a. diphtheria,
 - 18 b. hepatitis B,
 - 19 c. measles,
 - 20 d. mumps,
 - 21 e. pertussis,
 - 22 f. polio,
 - 23 g. rubella,
 - 24 h. tetanus,

- 1 i. varicella,
- 2 j. haemophilus influenzae type B, and
- 3 k. hepatitis A; and

4 2. Any other immunization subsequently required for children by
5 the State Board of Health.

6 B. Benefits required pursuant to subsection A of this section
7 shall not be subject to a deductible, co-payment, or coinsurance
8 requirement.

9 C. 1. For purposes of this section, "health benefit plan"
10 means a plan that:

- 11 a. provides benefits for medical or surgical expenses
12 incurred as a result of a health condition, accident,
13 or sickness, and
- 14 b. is offered by any insurance company, group hospital
15 service corporation, the ~~State and Education Employees~~
16 ~~Group Insurance~~ Oklahoma Health and Wellness Board, or
17 health maintenance organization that delivers or
18 issues for delivery an individual, group, blanket, or
19 franchise insurance policy or insurance agreement, a
20 group hospital service contract, or an evidence of
21 coverage, or, to the extent permitted by the Employee
22 Retirement Income Security Act of 1974, 29 U.S.C.,
23 Section 1001 et seq., by a multiple employer welfare
24 arrangement as defined in Section 3 of the Employee

1 Retirement Income Security Act of 1974, or any other
2 analogous benefit arrangement, whether the payment is
3 fixed or by indemnity.

4 2. The term "health benefit plan" shall not include:

5 a. a plan that provides coverage:

- 6 (1) only for a specified disease or diseases or under
7 an individual limited benefit policy,
8 (2) only for accidental death or dismemberment,
9 (3) for dental or vision care,
10 (4) a hospital confinement indemnity policy,
11 (5) disability income insurance or a combination of
12 accident-only and disability income insurance, or
13 (6) as a supplement to liability insurance,

14 b. a Medicare supplemental policy as defined by Section
15 1882(g)(1) of the Social Security Act (42 U.S.C.,
16 Section 1395ss),

17 c. worker's compensation insurance coverage,

18 d. medical payment insurance issued as part of a motor
19 vehicle insurance policy,

20 e. a long-term care policy, including a nursing home
21 fixed indemnity policy, unless a determination is made
22 that the policy provides benefit coverage so
23 comprehensive that the policy meets the definition of
24 a health benefit plan, or

1 f. short-term health insurance issued on a nonrenewable
2 basis with a duration of six (6) months or less.

3 SECTION 8. AMENDATORY 36 O.S. 2001, Section 6542, as
4 last amended by Section 6, Chapter 404, O.S.L. 2008 (36 O.S. Supp.
5 2010, Section 6542), is amended to read as follows:

6 Section 6542. A. 1. The primary plan shall offer as the basic
7 option an annually renewable policy with coverage as specified in
8 this section for each eligible person, except, that if an eligible
9 person is also eligible for Medicare coverage, the plan shall not
10 pay or reimburse any person for expenses paid by Medicare.

11 2. Any person whose health insurance is involuntarily
12 terminated for any reason other than nonpayment of premium or fraud
13 may apply for coverage under any of the plans offered by the Board
14 of Directors of the Health Insurance High Risk Pool. If such
15 coverage is applied for within sixty-three (63) days after the
16 involuntary termination and if premiums are paid for the entire
17 period of coverage, the effective date of the coverage shall be the
18 date of termination of the previous coverage.

19 3. The primary plan shall provide that, upon the death,
20 annulment of marriage or divorce of the individual in whose name the
21 contract was issued, every other person covered in the contract may
22 elect within sixty-three (63) days to continue coverage under a
23 continuation or conversion policy.

1 4. No coverage provided to a person who is eligible for
2 Medicare benefits shall be issued as a Medicare supplement policy.

3 B. The primary plan shall offer comprehensive coverage to every
4 eligible person who is not eligible for Medicare. Comprehensive
5 coverage offered under the primary plan shall pay an eligible
6 person's covered expenses, subject to the limits on the deductible
7 and coinsurance payments authorized under subsection E of this
8 section up to a lifetime limit of One Million Dollars
9 (\$1,000,000.00) per covered individual. The maximum limit under
10 this paragraph shall not be altered by the Board of Directors of the
11 Health Insurance High Risk Pool, and no actuarially equivalent
12 benefit may be substituted by the Board.

13 C. Except for a health maintenance organization and prepaid
14 health plan or preferred provider organization utilized by the Board
15 or a covered person, the usual customary charges for the following
16 services and articles, when prescribed by a physician, shall be
17 covered expenses in the primary plan:

18 1. Hospital services;

19 2. Professional services for the diagnosis or treatment of
20 injuries, illness, or conditions, other than dental, which are
21 rendered by a physician or by others at the direction of a
22 physician;

23 3. Drugs requiring a physician's prescription;

24

- 1 4. Services of a licensed skilled nursing facility for eligible
2 individuals, ineligible for Medicare, for not more than one hundred
3 eighty (180) calendar days during a policy year, if the services are
4 the type which would qualify as reimbursable services under
5 Medicare;
- 6 5. Services of a home health agency, if the services are of a
7 type which would qualify as reimbursable services under Medicare;
- 8 6. Use of radium or other radioactive materials;
- 9 7. Oxygen;
- 10 8. Anesthetics;
- 11 9. Prosthesis, other than dental prosthesis;
- 12 10. Rental or purchase, as appropriate, of durable medical
13 equipment, other than eyeglasses and hearing aids;
- 14 11. Diagnostic x-rays and laboratory tests;
- 15 12. Oral surgery for partially or completely erupted, impacted
16 teeth and oral surgery with respect to the tissues of the mouth when
17 not performed in connection with the extraction or repair of teeth;
- 18 13. Services of a physical therapist;
- 19 14. Transportation provided by a licensed ambulance service to
20 the nearest facility qualified to treat the condition;
- 21 15. Processing of blood including, but not limited to,
22 collecting, testing, fractioning, and distributing blood; and
- 23 16. Services for the treatment of alcohol and drug abuse, but
24 the plan shall be required to make a fifty-percent ~~(50%)~~ copayment

1 and the payment of the plan shall not exceed Four Thousand Dollars
2 (\$4,000.00).

3 Usual and customary charges shall not exceed the reimbursement
4 rate for charges as set by the ~~State and Education Employees Group~~
5 ~~Insurance~~ Oklahoma Health and Wellness Board.

6 D. 1. Covered expenses in the primary plan shall not include
7 the following:

- 8 a. any charge for treatment for cosmetic purposes, other
9 than for repair or treatment of an injury or
10 congenital bodily defect to restore normal bodily
11 functions,
- 12 b. any charge for care which is primarily for custodial
13 or domiciliary purposes which do not qualify as
14 eligible services under Medicaid,
- 15 c. any charge for confinement in a private room to the
16 extent that such charge is in excess of the charge by
17 the institution for its most common semiprivate room,
18 unless a private room is prescribed as medically
19 necessary by a physician,
- 20 d. that part of any charge for services or articles
21 rendered or provided by a physician or other health
22 care personnel which exceeds the prevailing charge in
23 the locality where the service is provided, or any
24

1 charge for services or articles not medically
2 necessary,

3 e. any charge for services or articles the provision of
4 which is not within the authorized scope of practice
5 of the institution or individual providing the service
6 or articles,

7 f. any expense incurred prior to the effective date of
8 the coverage under the plan for the person on whose
9 behalf the expense was incurred,

10 g. any charge for routine physical examinations in excess
11 of one every twenty-four (24) months,

12 h. any charge for the services of blood donors and any
13 fee for the failure to replace the first three (3)
14 pints of blood provided to an eligible person
15 annually, and

16 i. any charge for personal services or supplies provided
17 by a hospital or nursing home, or any other nonmedical
18 or nonprescribed services or supplies.

19 2. The primary plan may provide an option for a person to have
20 coverage for the expenses set out in paragraph 1 of this subsection
21 or any benefits payable under any other health insurance policy or
22 plan, commensurate with the deductible and coinsurance selected.

23 E. 1. The primary plan shall provide for a choice of annual
24 deductibles per person covered for major medical expenses in the

1 amounts of Five Hundred Dollars (\$500.00), One Thousand Dollars
2 (\$1,000.00), One Thousand Five Hundred Dollars (\$1,500.00), Two
3 Thousand Dollars (\$2,000.00), Five Thousand Dollars (\$5,000.00) and
4 Seven Thousand Five Hundred Dollars (\$7,500.00), plus the additional
5 benefits payable at each level of deductible; provided, if two
6 individual members of a family satisfy the applicable deductible, no
7 other members of the family shall be required to meet deductibles
8 for the remainder of that calendar year.

9 2. The schedule of premiums and deductibles shall be
10 established by the Board.

11 3. Rates for coverage issued by the Pool may not be
12 unreasonable in relation to the benefits provided, the risk
13 experience and the reasonable expenses of providing coverage.

14 4. Separate schedules of premium rates based on age may apply
15 for individual risks.

16 5. Rates are subject to approval by the Insurance Commissioner.

17 6. Standard risk rates for coverages issued by the Pool shall
18 be established by the Board, subject to the approval of the
19 Insurance Commissioner, using reasonable actuarial techniques, and
20 shall reflect anticipated experiences and expenses of such coverage
21 for standard risks.

22 7. a. The rating plan established by the Board shall
23 initially provide for rates equal to one hundred
24 twenty-five percent (125%) of the average standard

1 risk rates of the five largest insurers doing business
2 in the state.

3 b. Any change to the initial rates shall be based on
4 experience of the plans and shall reflect reasonably
5 anticipated losses and expenses. The rates shall not
6 increase more than five percent (5%) annually with a
7 maximum rate not to exceed one hundred fifty percent
8 (150%) of the average standard risk rates.

9 8. a. A Pool policy may contain provisions under which
10 coverage is excluded during a period of twelve (12)
11 months following the effective date of coverage with
12 respect to a given covered person's preexisting
13 condition, as long as:

14 (1) the condition manifested itself within a period
15 of six (6) months before the effective date of
16 coverage, or

17 (2) medical advice or treatment for the condition was
18 recommended or received within a period of six
19 (6) months before the effective date of coverage.

20 The provisions of this paragraph shall not apply
21 to a person who is a federally defined eligible
22 individual.

23 b. The Board shall waive the twelve-month period if the
24 person had continuous coverage under another policy

1 with respect to the given condition within a period of
2 six (6) months before the effective date of coverage
3 under the Pool plan. The Board shall also waive any
4 preexisting waiting periods for an applicant who is a
5 federally defined eligible individual.

6 c. In the case of an individual who is eligible for the
7 credit for health insurance costs under Section 35 of
8 the Internal Revenue Code of 1986, the preexisting
9 conditions limitation will not apply if the individual
10 maintained creditable health insurance coverage for an
11 aggregate period of three (3) months as of the date on
12 which the individual seeks to enroll in coverage under
13 the Pool plan, not counting any period prior to a
14 sixty-three-day break in coverage.

15 9. a. No amounts paid or payable by Medicare or any other
16 governmental program or any other insurance, or self-
17 insurance maintained in lieu of otherwise statutorily
18 required insurance, may be made or recognized as
19 claims under such policy, or be recognized as or
20 towards satisfaction of applicable deductibles or out-
21 of-pocket maximums, or to reduce the limits of
22 benefits available.

23 b. The Board shall have a cause of action against a
24 covered person for any benefits paid to a covered

1 person which should not have been claimed or
2 recognized as claims because of the provisions of this
3 paragraph, or because otherwise not covered.

4 SECTION 9. AMENDATORY 36 O.S. 2001, Section 6553, is
5 amended to read as follows:

6 Section 6553. A. A private review agent who approves or denies
7 payment or who recommends approval or denial of payment for hospital
8 or medical services or whose review results in approval or denial of
9 payment for hospital or medical services on a case-by-case basis
10 shall not conduct utilization review in this state unless the
11 Insurance Commissioner has granted the private review agent a
12 certificate.

13 B. Except as provided in Section ~~9~~ 6559 of this ~~act~~ title, the
14 Hospital and Medical Services Utilization Review Act shall not apply
15 to any insurance company or not-for-profit hospital service and
16 medical indemnity plan licensed by the Commissioner to transact
17 insurance in this state. If the insurer contracts outside the
18 company for any or all utilization review services, the entity with
19 whom the insurance company contracts shall be subject to all of the
20 provisions of the Hospital and Medical Services Utilization Review
21 Act.

22 C. ~~The State and Education Employees Group Insurance~~ Oklahoma
23 Health and Wellness Board shall be exempt from the provisions of the
24 Hospital and Medical Services Utilization Review Act and regulated

1 accordingly as provided for in the ~~State and Education Employees~~
2 ~~Group Insurance~~ Oklahoma Health and Wellness Act. In addition, the
3 Board shall comply with the provisions of Section ~~17~~ 1306.2 of ~~this~~
4 ~~act~~ Title 74 of the Oklahoma Statutes. If the ~~State and Education~~
5 ~~Employees Group Insurance~~ Oklahoma Health and Wellness Board
6 contracts for utilization review services instead of having
7 utilization review services be performed by employees of the Board,
8 the entity with whom the Board contracts shall be subject to all of
9 the provisions of the Hospital and Medical Services Utilization
10 Review Act.

11 SECTION 10. AMENDATORY 40 O.S. 2001, Section 483, is
12 amended to read as follows:

13 Section 483. A. The duties and responsibilities currently
14 performed by the Oklahoma Department of Commerce with regards to
15 administration of the Job Training Partnership Act of 1982, 29
16 U.S.C., Section 1501 et seq., and all related property, records and
17 personnel, are hereby transferred to the Oklahoma Employment
18 Security Commission. Employees transferred to the Oklahoma
19 Employment Security Commission shall be classified and subject to
20 the provisions of the Merit System of Personnel Administration as
21 provided for in the Oklahoma Personnel Act, ~~Section 840.1 et seq.~~
22 Sections 840-1.1 through 840-2.26 of Title 74 of the Oklahoma
23 Statutes. ~~Said~~ The employees shall retain membership in the Health
24 Insurance Plan, Dental Insurance Plan and Life Insurance Plan

1 created pursuant to ~~Section~~ Sections 1301 ~~et seq.~~ through 1328 of
2 Title 74 of the Oklahoma Statutes, or Health Maintenance
3 Organization (HMO) ~~Plans~~ plan approved by the ~~State and Education~~
4 ~~Employees Group Insurance~~ Oklahoma Health and Wellness Board.

5 B. All administrative responsibility for the State Council on
6 Vocational Education transferred to the Oklahoma Employment Security
7 Commission on July 1, 1989, is hereby transferred back to the State
8 Council on Vocational Education. Employees associated with the
9 State Council on Vocational Education shall retain membership in the
10 Health Insurance Plan, Dental Insurance Plan and Life Insurance Plan
11 created pursuant to ~~Section~~ Sections 1301 ~~et seq.~~ through 1328 of
12 Title 74 of the Oklahoma Statutes, or Health Maintenance
13 Organization (HMO) ~~Plans~~ plan approved by the ~~State and Education~~
14 ~~Employees Group Insurance~~ Oklahoma Health and Wellness Board.

15 SECTION 11. AMENDATORY Section 8, Chapter 366, O.S.L.
16 2008 (57 O.S. Supp. 2010, Section 38.3), is amended to read as
17 follows:

18 Section 38.3 A. As used in this section:

19 1. "Emergency care" means the medical or surgical care
20 necessary to treat the sudden onset of a potentially life- or limb-
21 threatening condition or symptom;

22 2. "Dental emergency" means acute problems in the mouth
23 exhibiting symptoms of pain, swelling, bleeding or elevation of
24 temperature; and

1 3. "Mental health emergency" means a person exhibiting behavior
2 due to mental illness that may be an immediate threat to others or
3 himself or herself that renders the person incapable of caring for
4 himself or herself.

5 B. The Department of Corrections shall reimburse health care
6 providers for medical care and treatment for inmates retained in
7 county jails after a certified copy of a judgment and sentence has
8 been entered pursuant to the provisions of Section 980 of Title 22
9 of the Oklahoma Statutes or pursuant to the provisions of Section
10 988.12 or 991a-2 of Title 22 of the Oklahoma Statutes. Health care
11 providers that are in the network established by the Department of
12 Corrections in conjunction with the ~~State and Education Employees~~
13 ~~Group Insurance~~ Oklahoma Health and Wellness Board shall be
14 reimbursed according to the fee schedule established for that
15 network; provided, that reimbursement will be no less than the fee
16 structure that was in effect January 1, 2007, or the current fee
17 schedule, whichever is greater. Health care providers that are out
18 of network shall be reimbursed according to the Oklahoma Medicaid
19 Fee Schedule; provided, that reimbursement shall be no less than the
20 fee structure that was in effect January 1, 2007, or the current fee
21 schedule, whichever is greater. Prior to obtaining nonemergency
22 care outside the county jail facility, authorization must be
23 received from the Department of Corrections. For any emergency
24 care, dental emergency or mental health emergency care obtained

1 outside the county jail facility, the Department of Corrections must
2 be notified within twenty-four (24) hours. The Department of
3 Corrections is hereby authorized to reject claims if proper
4 notification has not been provided.

5 C. The sheriff shall be responsible for providing and paying
6 for medical, dental and mental health care screening when an inmate
7 is admitted, routine sick calls within the county jail and access to
8 on-site physician services as is routinely provided for all inmates
9 in the custody of the sheriff and as provided by Section 52 of ~~Title~~
10 ~~57 of the Oklahoma Statutes~~ this title.

11 D. The Department of Corrections shall pay the pharmacy
12 provider for medications provided to inmates retained in county
13 jails after a certified copy of a judgment and sentence has been
14 entered pursuant to the provisions of Section 980 of Title 22 of the
15 Oklahoma Statutes or pursuant to the provisions of Section 988.12 or
16 991a-2 of Title 22 of the Oklahoma Statutes. If the pharmacy
17 provider is a Medicaid provider, the pharmacy provider must bill the
18 Department at Medicaid rates. The county jail shall be responsible
19 for paying for any medications that are not listed on the Department
20 of Corrections formulary, unless the county jail receives a written
21 exception from the Department.

22 E. Dental and mental health care shall be provided through the
23 designated host facility of the Department of Corrections for
24 inmates retained in county jails after a certified copy of a

1 judgment and sentence has been entered pursuant to the provisions of
2 Section 980 of Title 22 of the Oklahoma Statutes or pursuant to the
3 provisions of Section 988.12 or 991a-2 of Title 22 of the Oklahoma
4 Statutes. Each county jail is encouraged to work with local
5 community mental health centers to provide necessary medications and
6 emergency services that would be reimbursed pursuant to the
7 provisions of this subsection.

8 F. The sheriff shall be responsible for transportation and
9 security of inmates to all outside health care appointments
10 including host facilities of the Department of Corrections.

11 G. Neither the Department of Corrections nor the sheriff shall
12 be responsible for the cost of health care while an inmate is on
13 escape status or for any injury incurred while on escape status.

14 H. The Department of Corrections shall not be responsible for
15 payment of health care of inmates housed in the county jail under
16 the following circumstances:

17 1. Prior to entry of a certified judgment and sentence pursuant
18 to the provisions of Section 980 of Title 22 of the Oklahoma
19 Statutes;

20 2. When an inmate is detained in the county jail pursuant to a
21 writ of habeas corpus;

22 3. When an inmate is detained in the county jail for additional
23 cases pending after a certified copy of the judgment and sentence
24 has been entered;

1 4. When an inmate is detained in the county jail and his or her
2 status is on hold for another jurisdiction; or

3 5. When an inmate is detained in the county jail and the inmate
4 is sentenced to county jail time only.

5 SECTION 12. AMENDATORY Section 21, Chapter 3, O.S.L.
6 2002 (43A O.S. Supp. 2002, Section 3-701a), as last amended by
7 Section 1, Chapter 337, O.S.L. 2007, and as renumbered by Section 2,
8 Chapter 337, O.S.L. 2007 (57 O.S. Supp. 2010, Section 627), is
9 amended to read as follows:

10 Section 627. A. It shall be the responsibility of the
11 Department of Corrections to provide such medical and surgical
12 inpatient and outpatient care as may be required by inmates of the
13 Department of Corrections. The Department may refer to the Oklahoma
14 University Medical Center, and the Oklahoma University Medical
15 Center shall accept, those inmates who need services, as determined
16 by the Department of Corrections to be beyond the professional
17 capabilities of the Department of Corrections.

18 B. The Department of Corrections may also contract with
19 providers of general inpatient hospital services. Any such provider
20 shall be a hospital as defined in Section 1-701 of Title 63 of the
21 Oklahoma Statutes.

22 C. When the Department of Corrections determines the medical
23 necessity for urgent hospitalization of an inmate, an inpatient
24 hospital in close proximity to the correctional facility shall be

1 used for emergency care and stabilization. The Department of
2 Corrections is authorized to develop a network of inpatient
3 hospitals that are capable of providing necessary care. Those
4 hospitals that are in the network established by the Department of
5 Corrections in conjunction with the Oklahoma ~~State and Education~~
6 ~~Employees Group Insurance~~ Health and Wellness Board shall be
7 reimbursed according to the fee schedule established for that
8 network; provided however, reimbursement shall be no less than the
9 fee structure in effect on January 1, 2007, or the current fee
10 schedule, whichever is greater. Hospitals that are out-of-network
11 shall be reimbursed according to the Oklahoma Medicaid fee schedule;
12 provided however, reimbursement shall be no less than the fee
13 structure in effect on January 1, 2007, or the current fee schedule,
14 whichever is greater.

15 D. The Department of Corrections shall be responsible for
16 transporting to, from, and between hospitals and for providing such
17 physical security of inmate consumers as may be required beyond that
18 security normal to hospital operation. The Department of
19 Corrections shall immediately remove from the hospital those inmate
20 consumers when discharged by the hospital.

21 E. The hospital services provided by the Oklahoma University
22 Medical Center shall be without cost to the Department of
23 Corrections.

24

1 SECTION 13. AMENDATORY 62 O.S. 2001, Section 7.2, as
2 last amended by Section 36, Chapter 441, O.S.L. 2009, and as
3 renumbered by Section 64, Chapter 441, O.S.L. 2009 (62 O.S. Supp.
4 2010, Section 34.56), is amended to read as follows:

5 Section 34.56 A. There is hereby re-created, to continue until
6 July 1, 2008, in accordance with the provisions of the Oklahoma
7 Sunset Law, a Special Agency Account Board, to consist of the
8 Director of the Office of State Finance, the State Treasurer and the
9 Director of the Legislative Service Bureau. The Board shall have
10 the authority to approve the establishment of agency special
11 accounts in the official depository of the State Treasury. In the
12 case of institutions of higher education, the Special Agency Account
13 Board, acting in conjunction with the Oklahoma State Regents for
14 Higher Education, shall establish special agency accounts as
15 appropriate which shall be consistent with provisions of the
16 Oklahoma State Finance Act, as it relates to institutions in The
17 Oklahoma State System of Higher Education.

18 B. The Board, created by this section, shall adopt procedures
19 including application forms, justification and other pertinent
20 information as to the basis for a state agency application for the
21 establishment of agency special accounts.

22 C. The Board may approve agency special accounts for money
23 received by state agencies for the following purposes:
24

1 1. Benefit programs for individuals, including, but not limited
2 to, unemployment compensation, workers' compensation and state
3 retirement programs;

4 2. Revenues produced by activities or facilities ancillary to
5 the operation of a state agency which receive no money, directly or
6 indirectly, from or through that state agency, including, but not
7 limited to, revenues from the sales of food at retail level, sales
8 at canteens, sales at student unions, sales at student bookstores,
9 receipts from athletic programs and receipts from housing.
10 Provided, however, that a state institution of higher learning may
11 purchase necessary equipment and instructional supplies and office
12 supplies from a student bookstore, or, subject to authorization by
13 the Oklahoma State Regents for Higher Education, may rent building
14 space for institutional use in a building operated by an
15 organization or entity whose existence is ancillary to the operation
16 of a state agency, and whose cost was financed in whole or in part
17 with revenue-type bonds; provided, further, that the cost of such
18 office supplies or space rental shall not exceed the cost of similar
19 supplies or rentals available commercially;

20 3. Gifts, devises and bequests with an agency as beneficiary,
21 unless otherwise provided by statute;

22 4. Evidence funds for law enforcement agencies;

23 5. Student loan funds and scholarship funds;

24 6. Funds held in escrow;

- 1 7. Land Commission funds;
- 2 8. Funds for which the state agency acts as custodian,
3 including, but not limited to, fees from employee earnings approved
4 by the governing board of the agency, funds of student organizations
5 including student activity fees collected by an educational
6 institution as a separate item in enrollment procedures,
7 professional organizations, patients and inmates;
- 8 9. Funds used by the Oklahoma Tax Commission to pay for the
9 filing of liens with the Federal Aviation Administration;
- 10 10. Temporary accounts for funds arising from new or amended
11 legislation not otherwise provided for in statute or for other
12 emergency situations. Such accounts are to be utilized only pending
13 legislative action directing custody of such funds;
- 14 11. Payment of liability claims against the state;
- 15 12. Activities of the various Armory Boards of the Oklahoma
16 Military Department to receive and dispense funds derived by the
17 Armory Boards pursuant to Sections 232.6 and 232.7 of Title 44 of
18 the Oklahoma Statutes; and
- 19 13. Payment of expenses incurred in connection with the
20 acceptance of payments made with nationally recognized credit cards.
- 21 D. The State Treasurer is authorized to accept deposit of money
22 made directly to agency special accounts approved by the Board. All
23 money received by a state agency, as described in Section 34.57 of
24 this title, shall be deposited in State Treasury funds or accounts

1 and no money shall be deposited in banks or other depositories
2 unless the bank accounts are maintained by the State Treasurer or
3 are for the deposit of authorized petty cash funds.

4 E. Money deposited in agency special accounts shall be
5 disbursed on vouchers issued by the state agency concerned to
6 accomplish the purpose for which the money was intended.

7 F. Funds and revenues of the Grand River Dam Authority are
8 exempt from the requirements of this section.

9 G. Funds and revenues of the Oklahoma Municipal Power Authority
10 are exempt from the requirements of this section.

11 H. Monies used for investment purposes by the Oklahoma
12 Firefighters Pension and Retirement System, the Oklahoma Police
13 Pension and Retirement System, the Uniform Retirement System for
14 Justices and Judges, the Oklahoma Law Enforcement Retirement System,
15 the Oklahoma Public Employees Retirement System, the Teachers'
16 Retirement System of Oklahoma, the State Insurance Fund, the ~~State~~
17 ~~and Education Employees Group Insurance~~ Oklahoma Health and Wellness
18 Board, the Commissioners of the Land Office, and the Oklahoma State
19 Regents for Higher Education for its Endowment Trust Fund are exempt
20 from the requirements of this section, and shall be placed with the
21 respective custodian bank or trust company.

22 SECTION 14. AMENDATORY 62 O.S. 2001, Section 7.1, as
23 amended by Section 1, Chapter 123, O.S.L. 2008 and as renumbered by
24

1 Section 64, Chapter 441, O.S.L. 2009 (62 O.S. Supp. 2010, Section
2 34.57), is amended to read as follows:

3 Section 34.57 A. There is hereby created in the official
4 depository in the State Treasury an agency clearing account for each
5 state officer, department, board, commission, institution or agency
6 of the state, hereinafter referred to collectively as state
7 agencies. An agency special account established under Section ~~7.2~~
8 34.56 of this title may be used for the purposes of an agency
9 clearing account.

10 B. It shall be the duty of each state agency, officer or
11 employee, to deposit in the agency clearing account, or agency
12 special account, established under Section ~~7.2~~ 34.56 of this title,
13 all monies of every kind, including, but not limited to:

- 14 1. Tax revenues;
- 15 2. Receipts from licenses, examinations, per diem and all other
16 reimbursements, fees, permits, fines, forfeitures and penalties; and
- 17 3. Income from money and property, grants and contracts,
18 refunds, receipts, reimbursements, judgments, sales of materials and
19 services of employees, and nonrevenue receipts, received by a state
20 agency, officer or employee by reason of the existence of and/or
21 operation of a state agency.

22 C. All such monies collected pursuant to this section shall be
23 deposited as follows in the agency clearing account or agency
24 special account established therefor:

1 1. Receipts of One Hundred Dollars (\$100.00) or more shall be
2 deposited on the same banking day as received; and

3 2. Receipts of less than One Hundred Dollars (\$100.00) may be
4 held until accumulated receipts equal One Hundred Dollars (\$100.00)
5 or for five (5) business days, whichever occurs first, and shall
6 then be deposited no later than the next business day.

7 a. Each state agency that has custody of receipts of less
8 than One Hundred Dollars (\$100.00) shall provide
9 adequate safekeeping of such receipts.

10 b. No disbursements shall be made from such receipts
11 prior to this deposit.

12 c. All checks received must be restrictively endorsed
13 immediately upon receipt.

14 D. The State Treasurer is authorized to accept deposits
15 directly to State Treasury funds, consisting of cash, bank drafts,
16 bank cashier's checks, federal treasury checks and other forms of
17 remittance which are uniformly honored for payment. The State
18 Treasurer is further authorized to accept checks deposited directly
19 into State Treasury funds if the depositing state agency maintains
20 sufficient balances in their agency clearing account to cover return
21 items. Notwithstanding the provisions of subsection E of this
22 section, state agencies are authorized to maintain sufficient
23 balances in their agency clearing account to cover returned checks,
24 credit card adjustments, credit card returns, and other debit items.

1 Amounts of ~~said~~ the balances shall be subject to approval by the
2 State Treasurer.

3 All checks, drafts, orders and vouchers so deposited shall be
4 credited and cleared at par and should payment be refused on any
5 such check, draft, order or voucher, or should the same prove
6 otherwise worthless, the amount thereof shall be charged by the
7 State Treasurer against the account or fund theretofore credited
8 with the same; and the person issuing the check, draft, order or
9 voucher shall be charged a fee of Twenty-five Dollars (\$25.00) to
10 cover the costs of processing each returned check; provided, such
11 charge shall not be made unless efforts have been made to present
12 such check, draft, order or voucher for payment a second time.
13 Unless otherwise provided by law, such fee shall be deposited to the
14 revolving fund of the state agency to which the check, draft, order
15 or voucher was issued. If no revolving fund exists for the state
16 agency, then such fee shall be deposited to the General Revenue
17 Fund. The State Treasurer shall not accept for deposit to any
18 agency clearing account, or any agency special account, created
19 pursuant to the provisions of Section ~~7.2~~ 34.56 of this title, any
20 warrant, check, order or voucher drawn against any state fund or
21 account in favor of any individual or other person except the state
22 officer, department, institution or agency for which account or fund
23 the deposit is made, or a bona fide student enrolled at any of the
24 state institutions of higher learning when such warrant, check,

1 order or voucher is endorsed to the institution as payment of any
2 fees or other accounts due such institution.

3 E. 1. Except as provided in paragraph 2 of this subsection, at
4 least once each month each state agency shall transfer monies
5 deposited in agency clearing accounts to the various funds or
6 accounts, subdivisions of the state, or functions as may be provided
7 by statute and no money shall ever be disbursed from the agency
8 clearing account for any other purpose, except in refund of
9 erroneous or excessive collections and credits.

10 2. District offices under the control of the Corporation
11 Commission shall be permitted to make deposit of receipts on a
12 monthly basis, provided that such receipts must be deposited within
13 the month received or when such receipts equal or exceed One Hundred
14 Dollars (\$100.00), whichever first occurs. The Oklahoma Tourism and
15 Recreation Department and entities under its control shall be
16 required to make deposit of receipts on a weekly basis, provided
17 that such receipts must be deposited within seven (7) calendar days
18 from the date received or when such deposits equal or exceed Five
19 Hundred Dollars (\$500.00), whichever first occurs.

20 F. Funds and revenues of the Oklahoma Municipal Power
21 Authority, the Grand River Dam Authority, the Oklahoma Ordnance
22 Works Authority and the Midwestern Oklahoma Development Authority
23 are exempt from the requirements of this section.

24

1 G. Monies used for investment purposes by the Oklahoma
2 Firefighters Pension and Retirement System, the Oklahoma Police
3 Pension and Retirement System, the Uniform Retirement System for
4 Justices and Judges, the Oklahoma Law Enforcement Retirement System,
5 the Oklahoma Public Employees Retirement System, the Teachers'
6 Retirement System of Oklahoma, the Oklahoma State Regents for Higher
7 Education, the ~~State and Education Employees Group Insurance~~
8 Oklahoma Health and Wellness Board and the Commissioners of the Land
9 Office are exempt from the requirements of this section, and shall
10 be placed with the respective custodian bank or trust company.

11 SECTION 15. AMENDATORY 62 O.S. 2001, Section 139.47, as
12 last amended by Section 1, Chapter 309, O.S.L. 2004 (62 O.S. Supp.
13 2010, Section 139.47), is amended to read as follows:

14 Section 139.47 A. Where the written findings of fact required
15 by Section 139.46 of this title include one of the following
16 emergencies, and the Governor finds that such emergency exists, and
17 was not foreseen or reasonably foreseeable by the Legislature, the
18 Governor may allocate and authorize the expenditure of monies from
19 the State Emergency Fund to provide for such emergency without any
20 action by the Contingency Review Board:

- 21 1. Destruction of or damage to public property caused by fire,
22 hail, tornado, explosion, windstorm, flood, or other catastrophe;
- 23 2. Maintenance and operation of the National Guard when called
24 to active state service in cases of emergency;

1 3. Allocation or expenditures necessary to provide matching
2 funds for participation in any federal disaster relief program,
3 emergency equipment purchase, or otherwise expedite receipt of
4 disaster funds;

5 4. Allocations or expenditures deemed necessary to remove
6 asbestos from public buildings or facilities;

7 5. Emergency response action necessary to protect the public
8 health, safety or welfare or livestock, wild animals, birds, fish or
9 other aquatic life from the discharge of any hazardous waste,
10 deleterious substance or any such other waste or substance as will
11 or is likely to be detrimental or cause injury to the public or such
12 livestock, wild animals, birds, fish or other aquatic life;

13 6. Funding for funeral expenses not to exceed Seven Thousand
14 Dollars (\$7,000.00) for state employees who are killed in the line
15 of their duty and funding for premiums for six (6) months of
16 insurance coverage already in force for spouse and dependents who
17 are eligible for survivor coverage of those employees pursuant to
18 rules of the ~~Oklahoma State and Education Employees Group Insurance~~
19 Health and Wellness Board, provided, that if funds in the State
20 Emergency Fund are insufficient to cover these expenses, the
21 employing agency of the employees shall pay the expenses;

22 7. Allocation or expenditures necessary to provide funds for
23 disaster relief programs to political subdivisions for damage caused
24 by fire, hail, tornado, explosion, windstorm, flood or other

1 catastrophe for which federal disaster relief funds have been
2 requested by the Governor and rejected by the Federal Emergency
3 Management Agency (FEMA). Provided, that no political subdivision
4 shall be deemed eligible for an allocation or expenditure of funds
5 from the State Emergency Fund under this paragraph unless such area
6 has first been deemed a disaster area by an executive declaration by
7 the Governor of the State of Oklahoma; and

8 8. Allocation or expenditures necessary to provide funds for
9 cooperative actions with the United States Army Corps of Engineers
10 to respond to emergencies or to protect the public health, safety,
11 or welfare.

12 B. Expenditures made to political subdivisions under this
13 section shall be audited and processed by the Oklahoma Department of
14 Emergency Management. No application for an allocation or
15 expenditure of funds shall be made until it is certified by the
16 political subdivision that no other monies are available to
17 reimburse the requesting entity for expenditures made as a result of
18 the catastrophe. No geographical area which has been declared a
19 disaster area by the Governor may receive an allocation of funds
20 under this section in excess of One Hundred Thousand Dollars
21 (\$100,000.00) in a calendar year.

22 Provided further, that the Governor shall allocate, without any
23 action by the Contingency Review Board, monies from the State
24 Emergency Fund to pay expenses for the Court on the Judiciary

1 approved pursuant to Section 16.6 of Title 20 of the Oklahoma
2 Statutes and not otherwise funded by other legislative
3 appropriations.

4 SECTION 16. AMENDATORY Section 1, Chapter 276, O.S.L.
5 2009 (63 O.S. Supp. 2010, Section 1-131), is amended to read as
6 follows:

7 Section 1-131. A. As used in this section:

8 1. "Electronic medical record" or "EMR" means an electronic
9 record of health-related information on an individual that can be
10 created, gathered, managed, and consulted by authorized clinicians
11 and staff within one health care organization;

12 2. "Health data exchange" means record-level health data
13 exchanged for the purpose of statistical data analysis, including,
14 but not limited to, quality, expenditure, and utilization data, for
15 the purpose of developing a uniform and routinely compiled dataset
16 that will make possible the ongoing analysis, comparison, and
17 evaluation of trends in the quality and delivery of health care
18 services for the purpose of effective health care planning by public
19 and private entities, cost containment, health facility development,
20 and improving access to, and quality of care;

21 3. "Health information exchange" or "HIE" means the electronic
22 movement of health-related information among organizations according
23 to nationally recognized standards for treatment purposes;

24

1 4. "Health information technology" or "HIT" means technology
2 that allows comprehensive management of medical information and its
3 secure exchange between health care consumers and providers for
4 treatment purposes; and

5 5. "Hub" means a registry, a data repository, or a patient
6 identity manager.

7 B. 1. There is hereby created the "Health Information
8 Infrastructure Advisory Board".

9 2. The purpose of the advisory board shall be to advise and
10 assist the Oklahoma Health Care Authority in:

11 a. developing a strategy for the adoption and use of
12 electronic medical records and health information
13 technologies that is consistent with emerging national
14 standards and promotes interoperability of health
15 information systems. The strategy shall:

16 (1) be researched and contain the best practices in
17 electronic medical records systems and health
18 information technologies,

19 (2) be designed to reduce medical errors and enable
20 patients to make better decisions about their own
21 health care by promoting secure access to medical
22 records online, and

23 (3) assist in the design of the health information
24 infrastructure roadmap, which shall contain the

1 state plan for the exchange of health
2 information,

3 b. the determinations related to data elements to be
4 collected, and

5 c. the governance structure and policies and procedures
6 for the health information exchange, ensuring that the
7 strategy and plan preserve the privacy and security of
8 health information as required by state and federal
9 law.

10 3. Duties of the advisory board shall not include the
11 development of a health data exchange; however, key features of a
12 health information exchange shall be designed to integrate with a
13 state health data exchange.

14 4. The Authority shall operate as a hub for health information
15 exchange between health related state agencies and other health
16 information organizations. Information exchange shall be
17 implemented through interagency agreements among all health related
18 agencies. The agreement shall ensure, but shall not be limited to:

19 a. confidentiality of information,

20 b. funding and implementation of the plan, which may
21 include phased-in implementation, and

22 c. procedures for coordinating, monitoring, and improving
23 data exchange that is compatible with current adopters
24

1 of electronic medical record systems and health
2 information technologies.

3 5. The advisory board shall consist of ten (10) members who
4 shall be appointed by the directors of the following agencies and
5 shall include, but not be limited to, individuals from:

- 6 a. the Oklahoma Health Care Authority,
- 7 b. the State Department of Health,
- 8 c. the Department of Mental Health and Substance Abuse
9 Services,
- 10 d. the Department of Human Services,
- 11 e. the ~~State and Education Employees Group Insurance~~
12 Oklahoma Health and Wellness Board,
- 13 f. the Insurance Department,
- 14 g. the Department of Corrections,
- 15 h. the State Department of Rehabilitative Services, and
- 16 i. the City-County Health Departments.

17 6. Vacancies occurring in the advisory board shall be filled by
18 appointment of the director of the represented agency.

19 7. The member from the Oklahoma Health Care Authority shall
20 chair the advisory board, and the Authority shall staff the advisory
21 board.

22 8. Each agency shall receive one vote and a majority of the
23 members in attendance at a meeting shall be able to take action on
24 behalf of the advisory board.

1 9. Members of the advisory board shall serve without
2 compensation, but shall be reimbursed their actual and necessary
3 travel expenses in accordance with the State Travel Reimbursement
4 Act.

5 SECTION 17. AMENDATORY 63 O.S. 2001, Section 2550.1, is
6 amended to read as follows:

7 Section 2550.1 As used in Sections 2550.1 through 2550.4 of
8 this title:

9 1. "Covered person" means an individual who receives medical
10 care and treatment through a managed care plan. In the case of a
11 minor child, the term includes the parent or legal guardian of the
12 child and, in the case of an incapacitated or partially
13 incapacitated person, the legal guardian of that person;

14 2. "Degenerative and disabling condition or disease" means a
15 condition or disease caused by a congenital or acquired injury or
16 illness that requires a specialized rehabilitation program or a high
17 level of care, service, resources or continued coordination of care
18 in the community;

19 3. "Designee of the covered person" means an individual
20 designated by the covered person to represent the interests of the
21 covered person, including the covered person's provider;

22 4. "Managed care plan" means a plan operated by a managed care
23 entity, including the Oklahoma ~~State and Education Employees Group~~
24 ~~Insurance~~ Health and Wellness Board, that provides for the financing

1 and delivery of health care services to persons enrolled in such
2 plan through:

3 a. arrangements with selected providers to furnish health
4 care services,

5 b. standards for the selection of participating
6 providers,

7 c. organizational arrangements for ongoing quality
8 assurance, utilization review programs, and dispute
9 resolution, and

10 d. financial incentives for persons enrolled in the
11 managed care plan to use the participating providers
12 and procedures provided for by the managed care plan;

13 provided, however, the term "managed care plan" shall not include a
14 preferred provider organization (PPO) as defined in Section 6054 of
15 Title 36 of the Oklahoma Statutes, or a certified workplace medical
16 plan as defined in Section 14.2 of Title 85 of the Oklahoma
17 Statutes;

18 5. "Provider" shall have the same meaning as such term is
19 defined by a health maintenance organization, an indemnity plan or a
20 preferred provider organization; and

21 6. "Treatment plan" means a proposal developed for a covered
22 person that is specifically tailored to the individual's treatment
23 needs for a specific illness or condition, and that includes, but is
24 not limited to:

- a. a statement of treatment goals or objectives, based upon and related to a medical evaluation,
- b. treatment methods and procedures to be used to obtain these goals, and
- c. identification of the types of professional personnel who will carry out the treatment procedures.

SECTION 18. AMENDATORY 63 O.S. 2001, Section 2622, is amended to read as follows:

Section 2622. As used in the Medical Savings Account Act:

1. "Account holder" means the individual including but not limited to an employee of an employer or dependents of the individual on whose behalf the medical savings account is established;

2. "Dependent child" means any person under the age of twenty-one (21) years or any person who is legally entitled or subject to a court order for the provision of proper and necessary subsistence, education, medical care, or any other care necessary for the health, or well-being of such person, and who is not otherwise emancipated, married or a member of the Armed Forces of the United States, or who is mentally or physically incapacitated and cannot provide for themselves;

3. "Eligible medical expenses" means an expense paid by the taxpayer for medical care described in Section 213(d) of the Internal Revenue Code;

1 4. "Medical savings account" or "account" means an account
2 established in this state pursuant to a medical savings account
3 program to pay the eligible medical expenses of an account holder
4 and the dependents of the account holder;

5 5. "Medical savings account program" or "program" means a
6 program that includes all of the following:

7 a. the purchase by an individual or employer of a
8 qualified higher deductible health benefit plan which
9 is approved by the State Department of Health and
10 offered by an entity regulated by the State Department
11 of Health or is approved by the Insurance Commissioner
12 and offered by an entity regulated by the Insurance
13 Commissioner or is offered by the ~~State and Education~~
14 ~~Employees Group Insurance~~ Oklahoma Health and Wellness
15 Board for the benefit of the individual or an employee
16 of the employer and the dependents of that individual
17 or the employee,

18 b. the deposit by an individual into a medical savings
19 account or the contribution on behalf of an employee
20 into a medical care account by an employer of all or
21 part of the premium differential realized by the
22 employer based on the purchase of a qualified higher
23 deductible health plan for the benefit of the
24 employee. An employer that did not previously provide

1 a health plan or provide a health coverage policy,
2 certificate, or contract for employees may contribute
3 all or part of the deductible of a qualified higher
4 deductible health benefit plan; and

5 6. "Trustee" means a chartered state bank, savings and loan
6 association, licensed securities dealer or trust company authorized
7 to act as a fiduciary; a national banking association or savings and
8 loan association authorized to act as a fiduciary; or an insurance
9 company.

10 SECTION 19. AMENDATORY 68 O.S. 2001, Section 2357.33, as
11 last amended by Section 13, Chapter 327, O.S.L. 2010 (68 O.S. Supp.
12 2010, Section 2357.33), is amended to read as follows:

13 Section 2357.33 A. Except as otherwise provided by subsection
14 E of this section, for taxable years beginning after December 31,
15 1999, there shall be allowed a credit against the tax imposed by
16 Section 2355 of this title for amounts paid by a taxpayer operating
17 one or more food service establishments for immunizations against
18 Hepatitis A for employees of the taxpayer who work in such
19 establishments.

20 B. As used in this section, "food service establishment" means
21 an establishment where food or drink is offered for sale or sold to
22 the public and which is licensed pursuant to the provisions of
23 Section 1-1118 of Title 63 of the Oklahoma Statutes.

1 C. The amount of the credit allowed pursuant to the provisions
2 of this section for each employee of the taxpayer shall not exceed
3 the usual and customary fee that would be allowed for an
4 immunization against Hepatitis A as approved by the ~~State and~~
5 ~~Education Employees Group Insurance~~ Oklahoma Health and Wellness
6 Board.

7 D. The credit provided by this section shall be available to
8 the taxpayer in the tax year in which an employee was immunized and
9 shall not carry forward to subsequent tax years. Such credit shall
10 not be refunded to the taxpayer.

11 E. No credit otherwise authorized by the provisions of this
12 section may be claimed for any event, transaction, investment,
13 expenditure or other act occurring on or after July 1, 2010, for
14 which the credit would otherwise be allowable. The provisions of
15 this subsection shall cease to be operative on July 1, 2012.
16 Beginning July 1, 2012, the credit authorized by this section may be
17 claimed for any event, transaction, investment, expenditure or other
18 act occurring on or after July 1, 2012, according to the provisions
19 of this section.

20 SECTION 20. AMENDATORY Section 4, Chapter 119, O.S.L.
21 2004, as amended by Section 3, Chapter 248, O.S.L. 2004 (70 O.S.
22 Supp. 2010, Section 18-114.11), is amended to read as follows:
23
24

1 Section 18-114.11 A. Except as provided in subsection B of
2 this section, for school year 2004-05, the following provisions
3 shall apply:

4 1. The total dollar amount a district was required to pay for
5 all certified personnel, as defined in Section 26-103 of ~~Title 70 of~~
6 ~~the Oklahoma Statutes~~ this title, during school year 2003-04 over
7 and above the flexible benefit allowance for certified personnel
8 pursuant to Section 26-105 of ~~Title 70 of the Oklahoma Statutes~~ this
9 title, in order to meet the payment mandated in Section 1310.1 of
10 Title 74 of the Oklahoma Statutes, but not to meet the requirements
11 of subsection A of Section 18-114.7 of ~~Title 70 of the Oklahoma~~
12 ~~Statutes~~ this title, shall be used by the district for instruction
13 costs as defined in the Oklahoma Cost Accounting System, or for
14 certified counselors, librarians, psychologists, psychometrists,
15 speech-language pathologists, and certified or registered nurses,
16 including but not limited to new or existing personnel; and

17 2. The total dollar amount a district paid for all certified
18 personnel, as defined in Section 26-103 of ~~Title 70 of the Oklahoma~~
19 ~~Statutes~~ this title, who participated in the health insurance plan
20 offered by the ~~State and Education Employees Group Insurance~~
21 Oklahoma Health and Wellness Board or the self-insured plan offered
22 by the district, during school year 2003-04 as additional
23 contributions toward employee health insurance, not including the
24 flexible benefit allowance and not including the amount described in

1 paragraph 1 of this section, shall be paid by the district as
2 increased total compensation to certified personnel, as defined in
3 Section 26-103 of ~~Title 70 of the Oklahoma Statutes~~ this title, in
4 taxable compensation or fringe benefits as determined by the
5 district board of education or paid pursuant to the terms of a
6 collective bargaining agreement.

7 B. 1. Of the total dollar amount a district was required to
8 pay as described in paragraph 1 of subsection A of this section, any
9 amount that is used to meet the requirements of subsection A of
10 Section 18-114.7 of ~~Title 70 of the Oklahoma Statutes~~ this title
11 shall not be subject to the requirements of paragraph 1 of
12 subsection A of this section.

13 2. Of the total dollar amount a district paid as described in
14 paragraph 2 of subsection A of this section, any amount that is used
15 to meet the requirements of subsection A of Section 18-114.7 of
16 ~~Title 70 of the Oklahoma Statutes~~ this title shall not be subject to
17 the requirements of paragraph 2 of subsection A of this section.

18 SECTION 21. AMENDATORY 70 O.S. 2001, Section 26-104, as
19 last amended by Section 1, Chapter 180, O.S.L. 2007 (70 O.S. Supp.
20 2010, Section 26-104), is amended to read as follows:

21 Section 26-104. A. The Legislature shall annually appropriate
22 adequate funding to the State Board of Education and the State Board
23 of Career and Technology Education for the purpose of providing a
24 flexible benefit allowance to school district employees pursuant to

1 ~~this act~~ Section 26-101 et seq. of this title. The funding shall be
2 based on the number of eligible school district employees employed
3 by a school district which is participating in the health insurance
4 plan offered by the ~~State and Education Employees Group Insurance~~
5 Oklahoma Health and Wellness Board or is self-insured as counted on
6 May 1st of each year. ~~Each~~ The State Board of Education and the
7 State Board of Career and Technology Education shall disburse the
8 flexible benefit allowance funds in appropriate amounts to school
9 districts.

10 B. Every school district shall establish or make available to
11 school district employees a cafeteria plan pursuant to 26 U.S.C.
12 Section 125 of the United States Code. The plan shall offer, as a
13 benefit, major medical health care plan coverage.

14 C. The flexible benefit allowance amount established pursuant
15 to Section 26-105 of this title shall be credited to each eligible
16 school district employee. ~~School~~ Except as otherwise specified in
17 Section 26-105 of this title, school district employees shall elect
18 whether to use the flexible benefit allowance to pay for coverage in
19 the health insurance plan offered by the ~~State and Education~~
20 ~~Employees Group Insurance~~ Oklahoma Health and Wellness Board or the
21 self-insured plan offered by the school district and may receive the
22 excess flexible benefit allowance as taxable compensation as
23 provided in Section 26-105 of this title.

24

1 D. The administrator of the cafeteria plan shall maintain a
2 separate account for each participating school district employee.
3 School districts shall forward the school district employee flexible
4 benefit allowance amounts to the administrator for elected purchases
5 of cafeteria plan benefits.

6 E. Expenses included in an employee's salary adjustment
7 agreement pursuant to the cafeteria plan shall be limited to
8 expenses for:

9 1. Premiums for any health insurance, health maintenance
10 organization, life insurance, long term disability insurance, dental
11 insurance or high deductible health benefit plan offered to
12 employees and their dependents; and

13 2. All other eligible benefit programs offered under 26 U.S.C.
14 Section 125 of the United States Code.

15 F. The flexible benefit allowance amount established in Section
16 26-105 of this title shall not be included as income in computation
17 of state retirement contributions and benefits or as part of the
18 Minimum Salary Schedule for teachers established in Section 18-
19 114.12 of this title. School districts shall not consider the
20 flexible benefit allowance amount as income for eligible support
21 employees and thereby shall not reduce the salary of an eligible
22 support employee.

23

24

1 SECTION 22. AMENDATORY 70 O.S. 2001, Section 26-105, as
2 last amended by Section 2, Chapter 180, O.S.L. 2007 (70 O.S. Supp.
3 2010, Section 26-105), is amended to read as follows:

4 Section 26-105. A. The flexible benefit allowance shall be
5 used by a school district employee who is participating in the
6 cafeteria plan to purchase major medical health care plan coverage
7 offered by the school district through a cafeteria plan. Any excess
8 flexible benefit allowance over the cost of the major medical
9 coverage purchased by the employee who is participating in the
10 cafeteria plan may be used to purchase any of the additional
11 benefits offered by the school district or may be taken as taxable
12 compensation as provided in subsection C of this section. Effective
13 November 1, 2011, all new eligible school district employees shall
14 participate in the cafeteria plan for major medical coverage. The
15 benefit allowance for new eligible employees shall be used for the
16 purchase of health insurance. Any excess benefit allowance shall be
17 transferred to a health savings account, a flexible spending
18 account, an annuity account authorized pursuant to Section 6-101.1
19 of this title, or any Section 125 plan offered by a school district
20 to new eligible school district employees. New eligible school
21 district employees shall not receive any excess benefit as taxable
22 income. Certified personnel hired before November 1, 2011, who
23 choose not to participate in the school-district-sponsored cafeteria
24 plan shall receive Sixty-nine Dollars and seventy-one cents (\$69.71)

1 per month as taxable compensation in lieu of the flexible benefit
2 allowance amount provided in subsection B of this section. Support
3 personnel hired before November 1, 2011, who choose not to
4 participate in the school-district-sponsored cafeteria plan shall
5 receive One Hundred Eighty-nine Dollars and sixty-nine cents
6 (\$189.69) per month as taxable compensation in lieu of the flexible
7 benefit allowance amount provided in subsection B of this section.

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

14 1. For the fiscal year ending June 30, 2002, the flexible
15 benefit allowance amount for certified personnel shall be no less
16 than Sixty-nine Dollars and seventy-one cents (\$69.71) per month.
17 For the fiscal year ending June 30, 2002, the flexible benefit
18 allowance amount for support personnel shall be no less than One
19 Hundred Eighty-nine Dollars and sixty-nine cents (\$189.69) per
20 month.

21 2. For the fiscal year ending June 30, 2004, the flexible
22 benefit allowance amount for certified personnel shall be no less
23 than fifty-eight percent (58%) of the premium amount for the
24 HealthChoice (Hi) option plan for an individual offered by the State

1 ~~and Education Employees Group Insurance~~ Oklahoma Health and Wellness
2 Board. For the fiscal year ending June 30, 2003, and each fiscal
3 year thereafter, the flexible benefit allowance amount for support
4 personnel shall be no less than one hundred percent (100%) of the
5 premium amount for the HealthChoice (Hi) option plan for an
6 individual offered by the ~~State and Education Employees Group~~
7 ~~Insurance~~ Board.

8 3. For the fiscal year ending June 30, 2005, and each fiscal
9 year thereafter, the flexible benefit allowance amount for certified
10 personnel shall be no less than one hundred percent (100%) of the
11 premium amount for the HealthChoice (Hi) option plan for an
12 individual offered by the ~~State and Education Employees Group~~
13 ~~Insurance~~ Board.

14 C. If a school district employee hired before November 1, 2011,
15 who is participating in the cafeteria plan elects benefits whose sum
16 total is less than the flexible benefit allowance, the employee
17 shall receive any excess flexible benefit allowance as taxable
18 compensation. Such taxable compensation shall be paid in
19 substantially equal amounts each pay period over the plan year.
20 Except as otherwise provided for in subsection D of this section, on
21 termination during a plan year, a participating school district
22 employee shall have no right to receive any taxable cash
23 compensation allocated to the portion of the plan year after the
24 termination of the employee.

1 D. In cases where the employee of a school district fulfills
2 the terms of their contract and terminates employment for the
3 subsequent year, the employee shall be entitled to the flexible
4 benefit allowance for the remainder of the current benefit term.
5 For purposes of this subsection, "benefit term" shall mean the
6 twelve-month period after the initiation of benefits for the
7 position held by the employee.

8 E. Each school district employee shall make an annual election
9 of benefits under the plan during an enrollment period to be held
10 prior to the beginning of each plan year. The enrollment period
11 dates will be determined annually and will be announced by the
12 school district, providing the enrollment period shall end no later
13 than thirty (30) days before the beginning of the plan year. Each
14 school district employee shall make an irrevocable advance election
15 for the plan year or the remainder of the plan year pursuant to
16 procedures the school district shall prescribe.

17 F. The school district shall prescribe the forms that school
18 district employees shall be required to use in making their
19 elections, and may prescribe deadlines and other procedures for
20 filing the elections.

21 G. School district employees hired after the closing of the
22 enrollment period shall be allowed to make an election as provided
23 in ~~this act~~ Section 26-101 et seq. of this title.
24

1 H. A district board of education shall have the option of
2 providing a flexible benefit allowance to the superintendent of the
3 school district in an amount not more than the amount of the
4 flexible benefit allowance established for certified personnel in
5 subsection B of this section. Funding for the flexible benefit
6 allowance for a superintendent shall be provided through local
7 revenue.

8 SECTION 23. AMENDATORY 74 O.S. 2001, Section 85.7, as
9 last amended by Section 7, Chapter 322, O.S.L. 2009 (74 O.S. Supp.
10 2010, Section 85.7), is amended to read as follows:

11 Section 85.7 A. 1. Except as otherwise provided by The
12 Oklahoma Central Purchasing Act, no state agency shall make an
13 acquisition for an amount exceeding Fifty Thousand Dollars
14 (\$50,000.00) or the limit determined by the State Purchasing
15 Director pursuant to rules authorized by Section 85.5 of this title,
16 not to exceed One Hundred Thousand Dollars (\$100,000.00), without
17 submission of a requisition to the State Purchasing Director and
18 submission of suppliers' competitive bids or proposals to the State
19 Purchasing Director.

20 2. Any acquisition a state agency makes shall be made pursuant
21 to The Oklahoma Central Purchasing Act and rules promulgated
22 pursuant thereto.

23 a. Split purchasing for the purpose of evading the
24 requirement of competitive bidding shall be a felony.

1 b. The State Purchasing Director may waive or increase
2 the limit authorized for a state agency acquisition by
3 not more than ten percent (10%) to perfect an
4 otherwise valid acquisition inadvertently exceeding
5 the limit due to administrative error by the state
6 agency or unforeseeable circumstances. The state
7 agency shall request a waiver upon the discovery of
8 the error or circumstance to the State Purchasing
9 Director on a form the Director requires.

10 c. The State Purchasing Director shall report all
11 requests for waivers or increases, stating the amount
12 and whether the request was granted or denied, monthly
13 to the Governor, President Pro Tempore of the Senate,
14 and Speaker of the House of Representatives.

15 3. a. Contracts for master custodian banks or trust
16 companies, investment managers, investment
17 consultants, and actuaries for the state retirement
18 systems, CompSource Oklahoma, ~~State and Education~~
19 ~~Employees Group Insurance~~ Oklahoma Health and Wellness
20 Board, pension fund management consultants of the
21 Oklahoma State Pension Commission and the
22 Commissioners of the Land Office, and other
23 professional services as defined in Section 803 of
24 Title 18 of the Oklahoma Statutes shall be exempt from

1 competitive bidding procedures of this section and
2 requisition requirements of Section 85.4 of this
3 title.

4 b. Contracts with financial institutions to act as
5 depositories and managers of the Oklahoma College
6 Savings Plan accounts shall be exempt from competitive
7 bidding procedures.

8 c. A state agency that makes an acquisition pursuant to
9 this paragraph shall notify the State Purchasing
10 Director within fifteen (15) days following completion
11 of the acquisition. The Department of Central
12 Services shall compile a list of the exempt contracts
13 and send the list to a member of the Appropriations
14 and Budget Committee of the House of Representatives
15 or Appropriations Committee of the Senate, if the
16 member requests.

17 4. Requisitions pursuant to this section shall not be required
18 prior to emergency acquisitions by a state agency not exceeding One
19 Hundred Thousand Dollars (\$100,000.00). The state agency shall
20 submit a requisition to the State Purchasing Director within five
21 (5) days following the acquisition together with a statement of the
22 emergency. The State Purchasing Director shall send the requisition
23 and a written analysis to the Governor, the President Pro Tempore of
24 the Senate, and the Speaker of the House of Representatives

1 specifying the facts and circumstances giving rise to the emergency
2 requisition.

3 5. Requisitions pursuant to this section for acquisitions to
4 alleviate a serious environmental emergency shall not be required
5 if, upon receiving a request from the Chair of the Corporation
6 Commission and after having examined the facts and circumstances of
7 the case, the Governor certifies in writing the existence of a
8 serious environmental emergency. For the purposes of this section,
9 "serious environmental emergency" means a situation within the
10 jurisdiction of the Commission:

- 11 a. in which serious damage to the environment will
12 quickly occur if immediate action is not taken and the
13 damage will be so significant that the urgent need for
14 action outweighs the need for competitive bids, or
- 15 b. a situation in which human life or safety is in
16 imminent danger or significant property interests are
17 threatened with imminent destruction.

18 6. Acquisitions for repairs of equipment in emergencies, of
19 livestock through a market agency, dealer, commission house, or
20 livestock auction market bonded or licensed under federal or state
21 law, the purchase or collection of semen or embryos, and the
22 placement of embryos into recipient livestock shall not require
23 requisitions pursuant to this section or any other provisions of The
24 Oklahoma Central Purchasing Act.

1 7. The Board of Directors of the Oklahoma Historical Society
2 shall select suppliers for the restoration of historical sites and
3 museums and shall not be subject to the requisition requirements of
4 this section or any other provision of The Oklahoma Central
5 Purchasing Act. The Board may send a requisition to the State
6 Purchasing Director and request supplier bid or proposal submission
7 procedures, but supplier and bid selection will be the prerogative
8 of the Board and will be based on contractors' documented
9 qualifications and experience.

10 8. Purchases of postage by state agencies shall be made
11 pursuant to Sections 90.1 through 90.4 of this title.

12 9. Sole source or sole brand acquisitions by a state agency or
13 the State Purchasing Director shall comply with Section 85.45j of
14 this title.

15 10. Acquisitions for the design, development, communication, or
16 implementation of the state employees flexible benefits plan shall
17 not be subject to the requirements of this section; provided, that
18 the Flexible Benefits Advisory Council shall use procedures
19 consistent with the competitive bid requirements of The Oklahoma
20 Central Purchasing Act.

21 11. a. Any acquisition of a service which the Department of
22 Central Services has approved as qualifying for a
23 fixed and uniform rate shall be made pursuant to
24 provisions of this paragraph.

- 1 b. The Department of Central Services shall establish
2 criteria and guidelines for those services which may
3 qualify for a fixed and uniform rate.
- 4 c. Fixed and uniform rate contracts authorized by this
5 paragraph shall be limited to contracts for those
6 services furnished to persons directly benefiting from
7 such services and shall not be used by a state agency
8 to employ consultants or to make other acquisitions.
- 9 d. Any state agency desiring to have a service qualified
10 for a fixed and uniform rate shall make a request for
11 service qualification to the Department of Central
12 Services and submit documentation to support the
13 request. The Department of Central Services shall
14 approve or deny the request. If the Department of
15 Central Services approves the request, the state
16 agency shall establish a fixed and uniform rate for
17 the service. No contracts shall be entered into by
18 the state agency until the rate has been approved by
19 the state agency in a public hearing. The proposed
20 rate shall be clearly and separately identified in the
21 agenda of the state agency for the hearing and shall
22 be openly and separately discussed during such
23 hearing. The state agency shall notify the Director
24 of the Department of Central Services of its pending

1 consideration of the proposed rate at least thirty
2 (30) days before the state agency is to meet on the
3 proposed rate. The state agency shall deliver to the
4 Director of the Department of Central Services a copy
5 of the agenda items concerning the proposed rate with
6 supporting documentation. The Director of the
7 Department of Central Services shall communicate any
8 observation, reservation, criticism, or recommendation
9 to the agency, either in person at the time of the
10 hearing or in writing delivered to the state agency
11 before or at the time of the hearing. The Director of
12 the Department of Central Services shall specifically
13 note in the written communications whether the
14 Director of the Department of Central Services has
15 determined the rate to be excessive. Any written
16 communication presented in the absence of the Director
17 of the Department of Central Services shall be
18 presented orally during the public hearing. Whether
19 made in person or in writing, any comment made by the
20 Director of the Department of Central Services shall
21 be made a part of the minutes of the hearing in full.

22 e. Within two (2) weeks after the convening of the
23 Legislature, the administrative officer of the state
24 agency shall furnish to the Speaker of the House of

1 Representatives, the President Pro Tempore of the
2 Senate and to any member of the House or Senate, if
3 requested by the member, a complete list of all of the
4 types of services paid for by uniform fixed rates, the
5 amount of the rate last approved by the agency for the
6 service, and the number of contracts then in existence
7 for each type of service. Any rate which has been
8 determined to be excessive by the Director of the
9 Department of Central Services shall be specifically
10 identified in the list by the state agency.

11 f. At any time, the Director of the Department of Central
12 Services may review, suspend, or terminate a contract
13 entered into pursuant to the provisions of this
14 paragraph if the Director of the Department of Central
15 Services determines the contract is not necessary, is
16 excessive, or is not justified.

17 12. Specifically prescribed nonmedical adaptive technology-
18 related acquisitions for individuals with disabilities who are
19 clients of the State Department of Rehabilitation Services and which
20 are prescribed by a physician, rehabilitation engineer, qualified
21 rehabilitation technician, speech therapist, speech pathologist,
22 occupational therapist, physical therapist, or qualified sensory
23 aids specialist, and other client acquisitions, shall not be subject
24 to the requisition requirements of this section. The Commission for

1 Rehabilitation Services shall develop standards for the purchase of
2 such acquisitions and may elect to utilize the Purchasing Division
3 for an acquisition. The standards shall foster economy, provide a
4 short response time, include appropriate safeguards, require written
5 records, ensure appropriate competition for economical and efficient
6 purchasing, and shall be approved by the State Purchasing Director.

7 13. The Department of Human Services shall develop procedures
8 for acquisitions of specifically prescribed nonmedical assistive
9 technology-related items not exceeding the acquisition purchase
10 amount requiring a requisition pursuant to this section for
11 individuals under sixteen (16) years of age who are recipients of
12 Supplemental Security Income which are prescribed by a physician,
13 qualified sensory aids specialist or qualified special education
14 instructor. The procedures shall reflect standards for the
15 acquisition of such nonmedical assistive technology-related items,
16 may provide for utilization of the Purchasing Division when
17 appropriate, shall foster economy, provide a short response time,
18 shall include appropriate safeguards and written records to ensure
19 appropriate competition and economical and efficient purchasing, and
20 shall be approved by the State Purchasing Director.

21 14. a. Structured settlement agreements entered into by the
22 Attorney General's office in order to settle any
23 lawsuit involving the state, the Legislature, any
24 state agency or any employee or official of the state

1 shall not be subject to the competitive bidding
2 requirements of this section if:

3 (1) prior to entering into any contract for the
4 services of an entity to administer a structured
5 settlement agreement, the Attorney General
6 receives proposals from at least three entities
7 engaged in providing such services, and

8 (2) the selection of a particular entity is made on
9 the basis of the response to the request which is
10 the most economical and provides the most
11 competent service which furthers the best
12 interests of the state.

13 b. A list of any such structured settlement agreements
14 entered into by the Attorney General with summary
15 thereon for the previous calendar year shall be
16 submitted to the Speaker of the House of
17 Representatives and the President Pro Tempore of the
18 Senate on January 31 of each year.

19 15. Acquisitions a state agency makes pursuant to a contract
20 the State Purchasing Director enters into or awards and designates
21 for use by state agencies shall be exempt from competitive bidding
22 procedures.

23 16. The Commission on Marginally Producing Oil and Gas Wells
24 shall be exempt from the competitive bid requirements of this

1 section for contracts with local vendors for the purpose of holding
2 special events and exhibitions throughout the state.

3 17. Agreements entered into by any state agency with the United
4 States Army Corps of Engineers in order to provide emergency
5 response or to protect the public health, safety, or welfare shall
6 not require requisitions and shall not be subject to competitive
7 bidding requirements of this section.

8 B. Acquisitions shall be awarded to the lowest and best, or
9 best value, bidder at a specified time and place, which shall be
10 open to the public.

11 C. Bids for professional service contracts for an amount
12 requiring submission of requisitions to the State Purchasing
13 Director shall be evaluated by the State Purchasing Director and the
14 state agency contracting for such service. Both cost and technical
15 expertise shall be considered in determining the lowest and best, or
16 best value, bid. Further, the state agency shall present its
17 evaluation and recommendation to the State Purchasing Director. A
18 documented evaluation report containing the evaluations of the State
19 Purchasing Director and the state agency contracting for such
20 service shall be completed prior to the awarding of a professional
21 service contract and such report shall be a matter of public record.

22 D. When requested by CompSource Oklahoma, the ~~State and~~
23 ~~Education Employees Group Insurance~~ Oklahoma Health and Wellness
24 Board, or the governing board of a state retirement system

1 authorized to hire investment managers, the Department of Central
2 Services shall assist the requesting body in the process of
3 selecting investment managers. When requested by the Flexible
4 Benefits Advisory Council, the Department of Central Services shall
5 assist the Council in the process of selecting contracts for the
6 design, development, communication, or implementation of the state
7 employees flexible benefits plan.

8 E. Except as otherwise specifically provided by law, the
9 acquisition of food items or food products by a state agency from a
10 public trust created pursuant to Sections 176 through 180.56 of
11 Title 60 of the Oklahoma Statutes shall comply with competitive
12 bidding procedures pursuant to the provisions of this section.

13 SECTION 24. AMENDATORY 74 O.S. 2001, Section 85.58A, as
14 last amended by Section 2, Chapter 352, O.S.L. 2008 (74 O.S. Supp.
15 2010, Section 85.58A), is amended to read as follows:

16 Section 85.58A A. The Department of Central Services shall
17 establish for all state agencies, whether or not subject to The
18 Central Purchasing Act, and other entities as provided by law a
19 comprehensive professional risk management program which shall:

20 1. Identify and evaluate risks of loss and exposures to loss to
21 officers, employees and properties;

22 2. Minimize risks through loss-prevention and loss-control
23 programs;

24

1 3. Transfer risks, if economically advantageous to the state,
2 by acquiring commercial insurance, contractual pass through of
3 liability, or by other means;

4 4. Consolidate and administer risk management plans and
5 programs including self-insurance programs, except Workers'
6 Compensation Insurance and ~~State Employees Group Insurance~~ insurance
7 plans offered by the Oklahoma Health and Wellness Board;

8 5. Determine feasibility of and, if feasible, establish self-
9 insurance programs, considering whether a program may be self-
10 supporting to remain financially and actuarially sound;

11 6. Provide a system to allocate insurance and program costs to
12 determine payment for insurance coverage and program expenses
13 provided by the Department of Central Services;

14 7. When requested by a state retirement system, CompSource
15 Oklahoma or the ~~State and Education Employees Group Insurance~~ Board,
16 assist in obtaining insurance authorized by law. If requested by
17 the Oklahoma State Regents for Higher Education, assist trust funds
18 for which the State Regents serve as trustees in obtaining insurance
19 authorized by law;

20 8. Assist state agencies and officers, employees, and members
21 thereof, charged with licensing authority, in obtaining insurance
22 for liability for judgments, based on the licensing authority,
23 rendered by any court pursuant to federal law;

24

1 9. When requested by a public trust established pursuant to
2 Title 60 of the Oklahoma Statutes of which the State of Oklahoma is
3 the beneficiary, obtain, provide or assist the public trust in
4 obtaining insurance authorized by law or trust indenture covering
5 any board member, trustee, official, officer, employee or volunteer
6 for errors and omissions or liability risks arising from the
7 performance of official duties pursuant to law or trust indenture;
8 and

9 10. When requested by the Oklahoma State Regents for Higher
10 Education, for the purpose of insuring real property required
11 pursuant to Section 4018 of Title 70 of the Oklahoma Statutes, of
12 which the Oklahoma State Regents for Higher Education is the
13 beneficiary, obtain, provide or assist the Oklahoma State Regents
14 for Higher Education in obtaining insurance for the real property
15 pursuant to the provisions of this section.

16 B. The Director of Central Services may hire or contract for
17 the services of a Risk Management Administrator to supervise the
18 Comprehensive Professional Risk Management Program established
19 pursuant to this section. If appointed by the Director as a state
20 employee, the Risk Management Administrator shall be in the
21 unclassified service.

22 C. The Risk Management Administrator shall evaluate insurance
23 coverage needs and in force for state agencies, whether or not
24 subject to The Central Purchasing Act, and other entities as

1 provided by law. All entities shall submit to the Risk Management
2 Administrator all information which the Risk Management
3 Administrator deems necessary to perform this duty.

4 D. The Risk Management Administrator in conjunction with the
5 State Purchasing Director under the authority of the Director of
6 Central Services may negotiate insurance coverage and insurance-
7 related services, including, but not limited to, insurance brokerage
8 and consulting services. The State Purchasing Director shall ensure
9 open processes for solicitation and qualification of insurance
10 coverage and services providers. The State Purchasing Director
11 shall award contracts for insurance coverage and services to the
12 provider or providers which offer the best and final terms and
13 conditions. The State Purchasing Director may authorize the Risk
14 Management Administrator to bind for insurance coverage with
15 providers.

16 E. The school districts of this state may request the Risk
17 Management Administrator to advise for the purchase of insurance
18 coverage for the school districts.

19 F. A state agency, whether or not subject to The Central
20 Purchasing Act, that contemplates purchase of property and casualty
21 insurance, shall provide details of the proposed purchase to the
22 Risk Management Administrator for approval or disapproval prior to
23 the purchase.

24

1 G. The Director of Central Services shall promulgate rules to
2 effect the provisions of the comprehensive professional risk
3 management program.

4 H. 1. a. Any community action agency established pursuant to
5 Sections 5035 through 5040 of this title may
6 participate in the comprehensive professional risk
7 management program established pursuant to this
8 section for risks incurred as a result of operating a
9 Head Start program or providing transportation
10 services to the public. The Risk Management
11 Administrator shall obtain or provide for insurance
12 coverage for such community action agencies or bonding
13 for employees of such community action agencies. Any
14 liability insurance coverage obtained or provided
15 shall include expenses for administrative and legal
16 services obtained or provided by the Risk Management
17 Administrator.

18 b. The Risk Management Administrator shall determine
19 criteria for participation in the risk management
20 program by such community action agencies. In
21 addition, the Risk Management Administrator may
22 require each such community action agency to:

23 (1) provide adequate qualified personnel and suitable
24 facilities and equipment for operating a Head

1 Start program or providing transportation
2 services to the public, and

3 (2) comply with such standards as are necessary for
4 the protection of the clients it serves.

5 2. To receive coverage pursuant to this section, a community
6 action agency shall make payments for any insurance coverage and
7 shall otherwise comply with the provisions of this section and rules
8 promulgated by the Department pursuant to the provisions of this
9 section.

10 3. Requests for the insurance coverage provided pursuant to the
11 provisions of this subsection shall be submitted in writing to the
12 Risk Management Administrator by the community action agencies.

13 I. The Risk Management Administrator may provide or obtain for
14 any state agency, public trust with the state as a beneficiary and a
15 director, officer, employee or member thereof, insurance for
16 liability for loss, including judgments, awards, settlements, costs
17 and legal expenses, resulting from violations of rights or
18 privileges secured by the Constitution or laws of the United States
19 of America which occur while a director, officer, employee or member
20 is acting within the scope of service to the State of Oklahoma. The
21 insurance shall be for coverage in excess of the limits on liability
22 established by The Governmental Tort Claims Act but shall not limit
23 or waive any immunities now or hereafter available to the State of
24 Oklahoma or any state agency, any public trust with the state as a

1 beneficiary, or any director, officer, employee or member thereof,
2 including, but not limited to, any immunities under the Eleventh
3 Amendment to the Constitution of the United States, state sovereign
4 immunity, and any absolute or qualified immunity held by any
5 director, officer, employee or member.

6 SECTION 25. AMENDATORY 74 O.S. 2001, Section 212, as
7 amended by Section 1, Chapter 413, O.S.L. 2010 (74 O.S. Supp. 2010,
8 Section 212), is amended to read as follows:

9 Section 212 A. STATE TREASURER AND OKLAHOMA TAX COMMISSION

10 1. The State Treasurer and the Oklahoma Tax Commission shall
11 prepare annual financial statements in accordance with the reporting
12 requirements set forth by the Governmental Accounting Standards
13 Board (GASB). The State Treasurer and the Tax Commission shall
14 prescribe and implement sound internal control, accounting and
15 recordkeeping practices consistent with and to facilitate compliance
16 with all reporting requirements as set forth by law.

17 2. The annual financial statements of the State Treasurer and
18 the Tax Commission shall be delivered by the State Treasurer and the
19 Tax Commission to the State Auditor and Inspector within ninety (90)
20 calendar days after the close of the state fiscal year.

21 3. The State Auditor and Inspector shall perform an audit of
22 the annual financial statements of the State Treasurer and the Tax
23 Commission for each state fiscal year. Such audits shall be
24 conducted in accordance with auditing standards generally accepted

1 in the United States and the standards applicable to financial
2 audits contained in Government Auditing Standards, latest revised
3 edition, issued by the Comptroller General of the United States.
4 The State Auditor and Inspector shall complete the audits not later
5 than ninety (90) calendar days after the financial statements are
6 delivered to the State Auditor and Inspector. The annual audit
7 reports and related financial statements shall be delivered by the
8 State Auditor and Inspector to the Governor, President Pro Tempore
9 of the Senate, and Speaker of the House of Representatives. The
10 annual audit report and related financial statements of the State
11 Treasurer shall also be delivered to the Attorney General and the
12 members of the Cash Management and Investment Oversight Commission
13 created by Section 71.1 of Title 62 of the Oklahoma Statutes. The
14 annual audit report and related financial statements of the Tax
15 Commission shall also be delivered to the Director of State Finance
16 and the Legislative Service Bureau. The State Auditor and Inspector
17 shall conduct unannounced cash audits of the State Treasury at least
18 once each quarter.

19 4. The audit of the Tax Commission shall be continuous in
20 nature. The Tax Commission shall furnish the necessary office space
21 for the employees of the State Auditor and Inspector making the
22 audit and, to the extent of the amount included in the Tax
23 Commission's appropriation therefor, the Tax Commission shall pay

24

1 the expenses of the audits, including personal services, equipment
2 and supplies, from the appropriation.

3 B. STATE AGENCIES

4 1. Except as otherwise provided by law, the State Auditor and
5 Inspector shall audit at least once every two (2) fiscal years the
6 books and accounts of all state agencies whose duty it is to
7 collect, disburse or manage funds of the state. The State Auditor
8 and Inspector shall audit a state agency each fiscal year if that
9 state agency is required to be audited on an annual basis pursuant
10 to the federal Single Audit Act of 1984, as amended, 31 U.S.C.,
11 Section 7501 et seq. If the state agency is audited only once every
12 two (2) fiscal years, the audit shall cover both fiscal years.

13 2. Except as otherwise provided by law, the scope of audits
14 performed by the State Auditor and Inspector shall include all funds
15 collected, disbursed, or managed by a state agency including, but
16 not limited to, all special, revolving, depository, canteen, or
17 other nonstate funds.

18 3. As used in this section, "state agency" means every agency,
19 board, or commission included in the primary government of the State
20 of Oklahoma. For purposes of this paragraph, the primary government
21 of the State of Oklahoma includes all agencies, boards, and
22 commissions included in the primary government in the State of
23 Oklahoma Comprehensive Annual Financial Report. The agencies,
24 boards, and commissions included in the primary government of the

1 State of Oklahoma shall be determined using criteria set by the
2 Governmental Accounting Standards Board.

3 4. As used in this subsection, "audit" means any of the
4 following:

5 a. "financial audit", which means an audit of financial
6 statements in order to express an opinion on the
7 fairness with which they are presented in conformity
8 with generally accepted accounting principles or any
9 other comprehensive basis of accounting, as defined by
10 the American Institute of Certified Public
11 Accountants' Professional Standards, latest revised
12 edition. Financial audits must be conducted in
13 accordance with auditing standards generally accepted
14 in the United States and the standards applicable to
15 financial audits contained in Government Auditing
16 Standards, latest revised edition, issued by the
17 Comptroller General of the United States,

18 b. "operational audit", which means an audit conducted in
19 accordance with applicable Government Auditing
20 Standards, the purpose of which is to evaluate
21 management's performance in administering assigned
22 responsibilities in accordance with applicable laws,
23 administrative rules, and other policies and
24 guidelines and to determine the extent to which the

1 internal control, as designed and placed in operation,
2 promotes and encourages the achievement of
3 management's control objectives in the categories of
4 compliance, reliability of financial records and
5 reports, and safeguarding of assets,

6 c. "performance audit", which means an audit of a
7 program, activity, or function of a state agency
8 conducted in accordance with applicable Government
9 Auditing Standards. The term includes, but is not
10 limited to, an audit to assess program, activity, or
11 function effectiveness, economy and efficiency,
12 internal control, or compliance,

13 d. "special or investigative audit", which means an audit
14 with respect to a particular situation which may be,
15 but is not required to be, conducted in accordance
16 with applicable Government Auditing Standards, and

17 e. any other type of engagement conducted in accordance
18 with Government Auditing Standards.

19 C. GUBERNATORIAL REQUEST

20 Whenever called upon to do so by the Governor, it shall be the
21 duty of the State Auditor and Inspector to examine the books and
22 accounts of any officer of the state or any of the officer's
23 predecessors. The cost of the audit shall be borne by the entity to
24 be audited.

1 D. COUNTY TREASURER

2 The State Auditor and Inspector shall examine without notice all
3 books and accounts of each county treasurer of the state twice each
4 year.

5 E. DISTRICT ATTORNEYS

6 1. The State Auditor and Inspector shall annually audit the
7 books and accounts of the several offices of the district attorneys
8 of this state. The audits shall be reported in separate reports for
9 each entity. The audit may include, but shall not be limited to,
10 the audit of the financial records, performance measures, and
11 compliance with state or federal statutes and rules, and compliance
12 with any regulations of state or federal programs. The expense of
13 the audits shall be paid by the entity audited.

14 2. The State Auditor and Inspector shall examine and file a
15 report of the accounts established within the office of each
16 district attorney for bogus check programs, drug task force
17 programs, child support collection programs, and any other programs
18 receiving any nonstate funds. The reports shall be filed with the
19 President Pro Tempore of the Senate, the Speaker of the House of
20 Representatives, and the Executive Coordinator of the District
21 Attorneys Council.

22 F. DEPARTMENT OF CORRECTIONS

23 The State Auditor and Inspector shall perform an annual audit,
24 as defined in paragraph 4 of subsection B of this section, of the

1 books and accounts of the Department of Corrections. The scope of
2 the audit shall be determined by the State Auditor and Inspector
3 using a risk-based approach. The audit may include, but shall not
4 be limited to, the audit of the financial records, performance
5 measures, and compliance with any state or federal statutes and
6 rules, and compliance with any regulations of state or federal
7 programs. The expense of the audits shall be paid by the Department
8 of Corrections.

9 G. ~~OKLAHOMA STATE AND EDUCATION EMPLOYEES GROUP INSURANCE~~
10 HEALTH AND WELLNESS BOARD

11 The State Auditor and Inspector shall cause to be audited the
12 books and accounts of the office of the Oklahoma ~~State and Education~~
13 ~~Employees Group Insurance~~ Health and Wellness Board (~~OSEECIB~~). The
14 audit may include, but shall not be limited to, the audit of the
15 financial records, performance measures, compliance with any state
16 or federal statutes and rules, and compliance with any regulations
17 of state programs. The audit shall be contracted out to private
18 audit firms. The cost of the audit shall be borne by the ~~Oklahoma~~
19 ~~State and Education Employees Group Insurance Board~~.

20 H. DISTRICT ATTORNEY REQUEST

21 Whenever called upon to do so by any of the several district
22 attorneys of the state, it shall be the duty of the State Auditor
23 and Inspector to examine the books and accounts of any officer of
24

1 any public entity. The cost of the audit shall be borne by the
2 entity audited.

3 I. COUNTY OFFICERS BY REQUEST

4 Upon request of the county commissioners of any county or the
5 Governor, the State Auditor and Inspector shall examine the books
6 and accounts of all or any of the officers or custodians of the
7 various funds of the county; and payment for such examination shall
8 be made by the county so examined.

9 J. AUDITORS

10 The State Auditor and Inspector shall have power to employ
11 auditors. No auditor shall examine the books or records of the
12 county of the auditor's residence in counties of under two hundred
13 thousand (200,000) population according to the most recent Federal
14 Decennial Census. The State Auditor and Inspector may employ on an
15 as-needed basis only, legal counsel to carry out the statutory
16 duties of the Office of the State Auditor and Inspector.

17 K. EXAMINATION OF LEVIES

18 It shall be the duty of the State Auditor and Inspector to
19 examine all levies to raise public revenue to see that they are made
20 according to law and constitutional provisions. The State Auditor
21 and Inspector shall have the power to order all excessive or
22 erroneous lines (levies) to be corrected by the proper officers, and
23 shall report any irregularities to the Governor, the Speaker of the
24

1 House of Representatives and the President Pro Tempore of the
2 Senate.

3 L. PETITION AUDITS

4 1. The State Auditor and Inspector shall audit the books and
5 records of any subdivision of the State of Oklahoma upon petition
6 signed by the requisite number of voters registered in the
7 subdivision and meeting the requirements set out in this subsection.

8 2. The petition must contain the number of signatures
9 equivalent to ten percent (10%) of the registered voters of the
10 subdivision as determined by the county election board or, if the
11 county election board determines that the number of registered
12 voters in the subdivision cannot be determined due to boundary lines
13 not conforming to precinct lines, the required number of petitioners
14 shall be twenty-five percent (25%) of the total number of persons
15 voting in the last subdivision-wide general election held in the
16 subdivision. If the subdivision is a public trust, the required
17 number of petitioners shall be the same as those required for an
18 audit of its beneficiary. The appropriate county election board
19 shall provide the number of signatures so required upon request.

20 3. The petition shall be in the form of an affidavit wherein
21 the signatory shall declare upon oath or affirmation that the
22 information given is true and correct and that he or she is a
23 citizen of the entity to be audited. The petition shall clearly
24 state that falsely signing shall constitute perjury. It shall

1 include the signature of the individual, the name of the signatory
2 in printed form, the individual's residential address, the date of
3 signing, the public entity to be audited and the anticipated range
4 of the cost of the audit provided by the State Auditor and
5 Inspector.

6 4. Any person desiring to petition for an audit shall list the
7 areas, items or concerns they want to be audited, and request from
8 the State Auditor and Inspector the anticipated range of cost of the
9 audit. Within thirty (30) days from the receipt of the request, the
10 State Auditor and Inspector shall mail a petition form to the person
11 requesting the information which shall state the anticipated range
12 of the cost and the items or concerns to be audited. The
13 circulators of the petition shall have thirty (30) days from the
14 date the petition is mailed by the State Auditor and Inspector to
15 obtain the requisite number of signatures and return it to the State
16 Auditor and Inspector.

17 5. Upon collection of the required number of signatures, the
18 person desiring the audit shall present the signed petitions to the
19 State Auditor and Inspector. Within thirty (30) days of receipt of
20 the petitions, the State Auditor and Inspector shall present the
21 petitions to the county election board located in the county in
22 which the subdivision is located.

23 6. The county election board shall determine whether the
24 signers of the petition are registered voters of the county in which

1 the subdivision to be audited is located and whether the petition
2 has the requisite number of signatures of such registered voters.
3 The county election board shall certify the petition as having the
4 required number of signatures or as failing to have the required
5 number of signatures and return it to the State Auditor and
6 Inspector.

7 7. The cost of the audit shall be borne by the public entity
8 audited. Upon notification by the State Auditor and Inspector of
9 receipt of the petition, certified by the county election board as
10 having the required number of signatures, the public entity shall
11 encumber funds in an amount specified by the State Auditor and
12 Inspector, which shall be within the range of anticipated cost
13 stated on the petition from any funds not otherwise specifically
14 appropriated or allocated. Payment for the audit from such
15 encumbered funds shall be made as work progresses, and final payment
16 shall be made on or before its publication.

17 8. The names of the signers of any petition shall be
18 confidential and neither the State Auditor and Inspector, the county
19 election board nor the county treasurer may release them to any
20 other person or entity except upon an order from a court of
21 competent jurisdiction.

22 M. PENALTIES FOR NONPAYMENT

23 Except as otherwise provided by law, the cost of any services
24 provided by the State Auditor and Inspector or as specified in an

1 audit contract shall be borne by the entity or fund audited and
2 shall be due and payable upon receipt of progress billing during the
3 course of an audit. Any such costs not paid within ninety (90) days
4 of the date of receipt of billing shall incur a penalty of Ten
5 Dollars (\$10.00) per day for each day from the date of receipt of
6 billing.

7 SECTION 26. AMENDATORY 74 O.S. 2001, Section 840-2.21,
8 as last amended by Section 8, Chapter 312, O.S.L. 2004 (74 O.S.
9 Supp. 2010, Section 840-2.21), is amended to read as follows:

10 Section 840-2.21 A. If a state employee, whether in the
11 classified or unclassified service, is absent because of an illness
12 or injury arising out of and sustained in the course of his or her
13 employment with the state, and for which workers' compensation
14 benefits have been filed, the employing agency shall place the
15 employee on leave without pay if the employee so requests; provided,
16 leave without pay pursuant to this section shall not for any purpose
17 be considered a break in service.

18 B. An employee who sustains an illness or injury arising out of
19 and sustained in the course of employment with the State of Oklahoma
20 shall not be required to use either accumulated sick or annual leave
21 during such period prior to being placed on leave without pay
22 pursuant to this section.

23 C. An employee placed on leave without pay pursuant to the
24 provisions of this section shall continue receiving basic plan

1 insurance coverage as defined in Section 1363 of this title and
2 dependent insurance benefit allowance pursuant to paragraph 2 of
3 subsection C of Section 1370 of this title paid by the agency during
4 the leave without pay.

5 D. An employee on leave without pay pursuant to the provisions
6 of this section shall have the right to be returned to his or her
7 original position in accordance with rules promulgated by the Office
8 of Personnel Management. If it is found necessary for the good of
9 the state to fill the position during the period the employee is on
10 leave without pay the employee filling the position shall vacate the
11 position upon the return of the employee on leave without pay,
12 subject to layoff, transfer or demotion rights earned under the
13 Oklahoma Personnel Act and rules of the Office of Personnel
14 Management. The right to return to the original position shall
15 expire one (1) year from the date of the start of leave without pay.
16 Notwithstanding the provisions of Section 1 et seq. of Title 85 of
17 the Oklahoma Statutes, the employee may be separated in accordance
18 with the Oklahoma Personnel Act and Merit Rules if the employee has
19 not returned to the original position of the employee or some other
20 position within the agency within one (1) year from the date of the
21 start of leave without pay.

22 E. An employee on leave without pay pursuant to the provisions
23 of this section shall provide a medical statement as to his or her
24

1 ability to perform the duties of the position to the appointing
2 authority at least every three (3) months.

3 F. If the employee becomes medically able with reasonable
4 accommodation to perform the duties of his or her original position,
5 the employee shall be returned to such position. If the employee is
6 unable to perform the duties of the original position with
7 reasonable accommodation, but is medically able with reasonable
8 accommodation to perform the duties of any other position within the
9 agency for which the employee is qualified, and appointment to such
10 other position does not constitute a promotion, the employee shall
11 have first preference for any such position which becomes vacant
12 within the agency, notwithstanding any other preference provisions
13 of the Oklahoma Personnel Act or of other laws of the State of
14 Oklahoma. An employee accepting another position pursuant to this
15 subsection shall not forfeit his or her right to be returned to the
16 original position within twelve (12) months after the start of leave
17 without pay pursuant to the provisions of subsection D of this
18 section.

19 G. An ill or injured employee shall be eligible to participate
20 in the Disability Insurance Program established pursuant to the
21 provisions of ~~Section~~ Sections 1331 et seq. through 1335 of this
22 title in accordance with rules promulgated by the ~~State and~~
23 ~~Education Employees Group Insurance~~ Oklahoma Health and Wellness
24 Board.

1 H. All benefits, rights, and obligations contained in this
2 section shall continue during the time the employee remains on leave
3 without pay status, for a continuous period not to exceed twelve
4 (12) months. However, if a workers' compensation claim based on
5 such illness or injury is denied during the twelve-month period, all
6 benefits, rights and obligations conferred upon an employee pursuant
7 to this section shall cease and be discontinued immediately.

8 I. A classified employee who is separated pursuant to
9 subsection D of this section shall be eligible for reinstatement to
10 employment with any state agency for twelve (12) months after the
11 date of separation whether in the classified or unclassified service
12 in accordance with rules adopted by the Administrator of the Office
13 of Personnel Management provided the employee is qualified for the
14 position to which reinstated. An unclassified employee who is
15 separated pursuant to subsection D of this section shall be eligible
16 for reinstatement to unclassified employment with any state agency
17 for twelve (12) months after the date of separation in accordance
18 with rules promulgated by the Administrator of the Office of
19 Personnel Management provided the employee is qualified for the
20 position to which reinstated. Nothing in this subsection shall be
21 construed to compel or require any agency of the state to reinstate
22 a former employee who is separated pursuant to subsection D of this
23 section. Further, nothing in this subsection shall be construed as
24 limiting or reducing a former employee's eligibility for

1 reinstatement pursuant to other general reinstatement or
2 reemployment provisions in rules promulgated by the Administrator.

3 SECTION 27. AMENDATORY 74 O.S. 2001, Section 840-2.27D,
4 as last amended by Section 94, Chapter 5, O.S.L. 2004 (74 O.S. Supp.
5 2010, Section 840-2.27D), is amended to read as follows:

6 Section 840-2.27D A. Agencies shall provide severance benefits
7 to affected employees who are separated from the state service as a
8 result of a reduction-in-force due to a reorganization or any other
9 action by an agency which results in affected positions being
10 abolished and affected employees being severed from the state
11 service. Severance benefits shall be given to the following
12 categories of affected employees: permanent classified affected
13 employees and affected employees on probationary status after
14 reinstatement from permanent classified status without a break in
15 service; provided, however, affected employees of the University
16 Hospitals Authority must have been continuously employed in the
17 state service since on or before January 1, 1995, to receive
18 severance benefits. Pursuant to this section and Section 840-5.1A
19 of this title, state agencies may provide severance benefits
20 provided by this subsection to regular unclassified employees with
21 one (1) year or more continuous state service who are separated from
22 the state service for budgetary reasons; however, state agencies
23 shall offer regular unclassified state employees with one (1) year
24 or more continuous state service who are separated from the state

1 service the same severance benefit as the affected employees in a
2 reduction-in-force if the unclassified employees' separation is as a
3 result of the conditions causing the agency to implement a
4 reduction-in-force. Affected employees who qualify for severance
5 benefits pursuant to this section, in addition to the payment of any
6 compensable accrued leave or other benefits an affected employee is
7 eligible to receive upon separation from the state service, shall
8 receive severance benefits consisting of the following elements:

9 1. All agency severance benefits shall provide the following:

10 a. payment equal to the affected employee's current
11 health insurance premium for the affected employee
12 only for eighteen (18) months based on the cost of the
13 premium at the time of the reduction-in-force. The
14 appointing authority of the agency can ask the
15 Director of the Office of State Finance to waive the
16 severance benefit provision in this subparagraph or to
17 reduce the length of coverage or subsequent severance
18 benefit payment upon demonstration of the agency's
19 inability to fund the full benefit,

20 b. a longevity payment, as prescribed by Section 840-2.18
21 of this title, in the amount which would otherwise be
22 paid to the affected employee on the affected
23 employee's next anniversary date. For the purposes of
24 this subparagraph, the University Hospitals Authority

1 shall calculate longevity for affected employees who
2 were members of the University Hospitals Authority
3 Model Personnel System pursuant to Section 3211 of
4 Title 63 of the Oklahoma Statutes for all state
5 service as would otherwise be determined by Section
6 840-2.18 of this title, and

7 c. outplacement assistance and employment counseling
8 prior to and after the reduction-in-force from the
9 Oklahoma Employment Security Commission and other
10 state or private entities that the entity may contract
11 with to assist individuals who may be impacted by a
12 reduction-in-force;

13 2. In addition to the severance benefits provided by paragraph
14 1 of this subsection, agencies may give affected employees, except
15 as otherwise provided by paragraph 3 of this subsection, severance
16 benefit packages based on any combination of the following options,
17 provided that all affected employees who receive severance benefits
18 in the reduction-in-force shall be accorded uniform treatment
19 pursuant to the State Government Reduction-in-Force and Severance
20 Benefits Act:

21 a. up to one (1) week of pay, calculated by dividing the
22 affected employee's current annual salary by the whole
23 number fifty-two (52), for each year of service,
24

1 b. a maximum lump-sum payment of Five Thousand Dollars
2 (\$5,000.00), and

3 c. payment for accumulated sick leave or extended illness
4 benefits at up to one-half (1/2) of the affected
5 employee's hourly rate not otherwise used pursuant to
6 law for conversion to credited retirement credit; and

7 3. An affected employee may direct payment of all or a portion
8 of the affected employee's severance benefits to the options
9 authorized by this paragraph by exercising an option to receive
10 education vouchers for use in connection with the Reduction-in-Force
11 Education Voucher Action Fund subject to the following requirements
12 and rules of the Administrator of the Office of Personnel
13 Management, provided that the agency offers to match employee
14 severance funds pursuant to this paragraph. In such case:

15 a. the affected employee may purchase One Dollar (\$1.00)
16 in voucher credit for each One Dollar (\$1.00)
17 contributed by the affected employee to the fund
18 subject to a maximum affected employee contribution of
19 Three Thousand Dollars (\$3,000.00) which may be
20 matched by a maximum agency contribution of Three
21 Thousand Dollars (\$3,000.00); provided, that the
22 agency contribution shall not exceed the contribution
23 of the affected employee,

1 b. the affected employee may pay the cost for the voucher
2 program directly, subject to the requirements of
3 subparagraph a of this paragraph, or the employing
4 agency of the affected employee may pay the cost of
5 the voucher from funds which would otherwise have been
6 used to make payments to the displaced affected
7 employee pursuant to an election by the affected
8 employee to receive severance benefits,

9 c. no voucher issued pursuant to the provisions of this
10 paragraph shall:

11 (1) be redeemed by the affected employee for cash or
12 anything of value other than the cost of tuition
13 and fees at a public or private educational
14 institution within the State of Oklahoma, or

15 (2) be valid longer than a period of four (4) years
16 from the date upon which the voucher is issued to
17 the affected employee,

18 d. the Administrator of the Office of Personnel
19 Management shall pay tuition and fees directly to the
20 educational institution and shall receive any refunds
21 for payment of tuition and fees from the educational
22 institution which shall be credited to the affected
23 employee's account, and

1 e. the Administrator of the Office of Personnel
2 Management shall distribute to the affected employee
3 and the agency any monies remaining in the affected
4 employee's account after the voucher credit has
5 expired. The distribution shall be based on the
6 proportional share of contributions made by the
7 affected employee and the agency.

8 B. Each affected employee who is separated from state service
9 as a result of a reduction-in-force after July 1, 1998, besides
10 being eligible for the eighteen (18) months of continuation
11 coverages provided by the Public Health Service Act, 42 U.S.C.,
12 Section 30066-1 et seq., i.e., health, dental, vision and healthcare
13 reimbursement account options, under this severance benefit, shall
14 also be eligible to elect additional continuation coverage for any
15 life insurance, in twenty-thousand-dollar units, on self or five-
16 thousand-dollar units, on dependents, and to continue participation
17 in the dependent care reimbursement account provided that these
18 additional coverages were in effect immediately prior to the
19 effective date of the reduction-in-force, the date of which shall
20 serve as the qualifying event date. Provided, that no coverage
21 elected for continuation through the Public Health Service Act for
22 the full eighteen-month period is allowed to lapse, then that
23 affected employee may elect to continue those same coverages for an
24 additional eighteen (18) months at whatever rate is then in effect.

1 This additional eighteen-month continuation period of coverage shall
2 be administered by the Oklahoma ~~State Employees Benefits Council~~
3 Health and Wellness Board following the initial eighteen-month
4 period of continuation which shall be administered by the COBRA
5 office at the ~~State and Education Employees Group Insurance~~ Oklahoma
6 Health and Wellness Board.

7 C. Part-time affected employees shall receive benefits pursuant
8 to this section on a prorated basis. Part-time employees shall have
9 been compensated for at least one thousand (1,000) hours during the
10 twelve (12) months immediately preceding the effective date of the
11 reduction-in-force to be eligible for severance benefits pursuant to
12 the State Government Reduction-in-Force and Severance Benefits Act.

13 D. No appointing authority shall grant affected employees in a
14 reduction-in-force severance benefits except as provided in this
15 section.

16 SECTION 28. AMENDATORY 74 O.S. 2001, Section 840-2.27I,
17 is amended to read as follows:

18 Section 840-2.27I A. An affected former state employee who:

- 19 1. Had a vested or retirement benefit pursuant to the
20 provisions of any of the state public retirement systems;
- 21 2. Was separated from state service as a result of a reduction-
22 in-force since July 1, 1997; and
- 23 3. Was offered severance benefits pursuant to the State
24 Government Reduction-in-Force and Severance Benefits Act,

1 may reinstate health insurance coverage any time within two (2)
2 years following the date of the reduction-in-force from the state,
3 and be eligible for the purchase of all other benefits available to
4 former employees with a vested benefit of the state public
5 retirement system of which the employee is a member.

6 B. Former employees who elect to reinstate health insurance
7 coverage pursuant to this section shall provide satisfactory
8 evidence of insurability after a break in coverage of one hundred
9 eighty (180) days or more.

10 C. The provisions of subsection A of this section shall apply
11 to an affected former state employee who may have elected non-state-
12 sponsored health insurance coverage or who initially may have
13 elected one of the available state-sponsored health insurance plans
14 but later cancels either of those elected coverages.

15 D. A former employee who reinstates health insurance coverage
16 pursuant to this section shall pay the full cost of the insurance
17 premium at the then available rate and pursuant to the rules and
18 enrollment procedures established by the ~~State and Education~~
19 ~~Employees Group Insurance~~ Oklahoma Health and Wellness Board. The
20 former employee will be subject to the same rate changes as those
21 made available to all other state vested or retired employees. The
22 former employee may elect coverage for the employee's current
23 dependents if the election is made within thirty (30) days of
24 reinstatement of health insurance.

1 SECTION 29. AMENDATORY 74 O.S. 2001, Section 840-5.2B,
2 is amended to read as follows:

3 Section 840-5.2B All persons employed by the ~~State and~~
4 ~~Education Employees Group Insurance~~ Oklahoma Health and Wellness
5 Board and the divisions of the Board prior to March 27, 1998, shall
6 be in and shall have been in such status in the classified or
7 unclassified service as shown on their individual records on file in
8 the Office of Personnel Management. The employment records of such
9 persons on file in the Office of Personnel Management shall be
10 controlling as to the status of such persons and the positions they
11 occupy or occupied.

12 SECTION 30. AMENDATORY 74 O.S. 2001, Section 840-5.5, as
13 last amended by Section 1, Chapter 392, O.S.L. 2010, (74 O.S. Supp.
14 2010, Section 840-5.5), is amended to read as follows:

15 Section 840-5.5 A. The following offices, positions, and
16 personnel shall be in the unclassified service and shall not be
17 placed under the classified service:

18 1. Persons chosen by popular vote or appointment to fill an
19 elective office, and their employees, except the employees of the
20 Corporation Commission, the State Department of Education and the
21 Department of Labor;

22 2. Members of boards and commissions, and heads of agencies;
23 also one principal assistant or deputy and one executive secretary
24 for each state agency;

1 3. All judges, elected or appointed, and their employees;

2 4. Persons employed with one-time, limited duration, federal or
3 other grant funding that is not continuing or indefinitely
4 renewable. The length of the unclassified employment shall not
5 exceed the period of time for which that specific federal funding is
6 provided;

7 5. All officers and employees of The Oklahoma State System of
8 Higher Education, State Board of Education and Oklahoma Department
9 of Career and Technology Education;

10 6. Persons employed in a professional or scientific capacity to
11 make or conduct a temporary and special inquiry, investigation, or
12 examination on behalf of the Legislature or a committee thereof or
13 by authority of the Governor. These appointments and authorizations
14 shall terminate on the first day of the regular legislative session
15 immediately following the appointment, if not terminated earlier.
16 However, nothing in this paragraph shall prevent the reauthorization
17 and reappointment of any such person. Any such appointment shall be
18 funded from the budget of the appointing authority;

19 7. Election officials and employees;

20 8. Temporary employees employed to work less than one thousand
21 (1,000) hours in any twelve-month period, and seasonal employees
22 employed by the Oklahoma Tourism and Recreation Department pursuant
23 to Section 2241 of this title who work less than one thousand six
24 hundred (1,600) hours in any twelve-month period;

1 9. Department of Public Safety employees occupying the
2 following offices or positions:

- 3 a. administrative aides to the Commissioner,
- 4 b. executive secretaries to the Commissioner,
- 5 c. the Governor's representative of the Oklahoma Highway
6 Safety Office who shall be appointed by the Governor,
- 7 d. Highway Patrol Colonel,
- 8 e. Highway Patrol Lieutenant Colonel,
- 9 f. Director of Finance,
- 10 g. noncommissioned pilots,
- 11 h. Information Systems Administrator,
- 12 i. Law Enforcement Telecommunications System Specialist,
- 13 j. Director of Driver Compliance,
- 14 k. Director of Transportation Division,
- 15 l. Director of the Oklahoma Highway Safety Office,
- 16 m. Civil Rights Administrator,
- 17 n. Budget Analyst,
- 18 o. Comptroller,
- 19 p. Chaplain,
- 20 q. Helicopter Mechanic,
- 21 r. Director of Safety Compliance,
- 22 s. Human Resources Director,
- 23 t. Administrator of Department Services, and

1 u. a maximum of seven (7) positions for the purpose of
2 administering programs in the Oklahoma Highway Safety
3 Office, within full-time employee limitations of the
4 Department, employed with federal funding that is
5 continuing or indefinitely renewable. The
6 authorization for such positions shall be terminated
7 if the federal funding for positions is discontinued;
8 provided, any person appointed to a position prescribed in
9 subparagraph d or e of this paragraph shall have a right of return
10 to the classified commissioned position without any loss of rights,
11 privileges or benefits immediately upon completion of the duties in
12 the unclassified commissioned position;

13 10. Professional trainees only during the prescribed length of
14 their course of training or extension study;

15 11. Students who are employed on a part-time basis, which shall
16 be seventy-five percent (75%) of a normal forty-hour work week or
17 thirty (30) hours per week, or less, or on a full-time basis if the
18 employment is pursuant to a cooperative education program such as
19 that provided for under Title I IV-D of the Higher Education Act of
20 1965 (20 U.S.C. 1087a-1087c), as amended, and who are regularly
21 enrolled in:

22 a. an institution of higher learning within The Oklahoma
23 State System of Higher Education,
24

- 1 b. an institution of higher learning qualified to become
2 coordinated with The Oklahoma State System of Higher
3 Education. For purposes of this section, a student
4 shall be considered a regularly enrolled student if
5 the student is enrolled in a minimum of five (5) hours
6 of accredited graduate courses or a minimum of ten
7 (10) hours of accredited undergraduate courses,
8 provided, however, the student shall only be required
9 to be enrolled in a minimum of six (6) hours of
10 accredited undergraduate courses during the summer, or
11 c. high school students regularly enrolled in a high
12 school in Oklahoma and regularly attending classes
13 during such time of enrollment;

14 12. The spouses of personnel who are employed on a part-time
15 basis to assist or work as a relief for their spouses in the
16 Oklahoma Tourism and Recreation Department;

17 13. Service substitute attendants who are needed to replace
18 museum and site attendants who are unavoidably absent. Service
19 substitutes may work as part-time or full-time relief for absentees
20 for a period of not more than four (4) weeks per year in the
21 Oklahoma Historical Society sites and museums; such substitutes will
22 not count towards the agency's full-time-equivalent (FTE) employee
23 limit;

1 14. Employees of the Oklahoma House of Representatives, the
2 State Senate, or the Legislative Service Bureau;

3 15. Corporation Commission personnel occupying the following
4 offices and positions:

- 5 a. Administrative aides, and executive secretaries to the
6 Commissioners,
- 7 b. Directors of all the divisions, personnel managers and
8 comptrollers,
- 9 c. General Counsel,
- 10 d. Public Utility Division Chief Engineer,
- 11 e. Public Utility Division Chief Accountant,
- 12 f. Public Utility Division Chief Economist,
- 13 g. Public Utility Division Deputy Director,
- 14 h. Secretary of the Commission,
- 15 i. Deputy Conservation Director,
- 16 j. Manager of Pollution Abatement,
- 17 k. Manager of Field Operations,
- 18 l. Manager of Technical Services,
- 19 m. Public Utility Division Chief of Telecommunications,
- 20 n. Director of Information Services,
- 21 o. All Data Processing employees hired on or after
22 September 1, 2005,
- 23 p. All Public Utilities employees hired on or after
24 September 1, 2007,

1 q. All Regulatory Program Managers hired on or after
2 September 1, 2007, and

3 r. All Pipeline Safety Department employees hired on or
4 after September 1, 2008;

5 16. At the option of the employing agency, the Supervisor,
6 Director, or Educational Coordinator in any other state agency
7 having a primary responsibility to coordinate educational programs
8 operated for children in state institutions;

9 17. Department of Mental Health and Substance Abuse Services
10 personnel occupying the following offices and positions at each
11 facility:

12 a. Director of Facility,

13 b. Deputy Director for Administration,

14 c. Clinical Services Director,

15 d. Executive Secretary to Director, and

16 e. Directors or Heads of Departments or Services;

17 18. Office of State Finance personnel occupying the following
18 offices and positions:

19 a. State Comptroller,

20 b. Administrative Officers,

21 c. Alternator Claims Auditor,

22 d. Employees hired to fulfill state compliance agency
23 requirements under Model Tribal Gaming Compacts,

24 e. Employees of the Budget Division,

- 1 f. Employees of the Fiscal and Research Division,
2 g. Employees hired to work on the CORE Systems Project;
3 and
4 h. The following employees of the Information Services
5 Division:
6 (1) Information Services Division Manager,
7 (2) Network Manager,
8 (3) Network Technicians,
9 (4) Security Manager,
10 (5) Contracts/Purchasing Manager,
11 (6) Operating and Applications Manager,
12 (7) Project Manager,
13 (8) Help Desk Manager,
14 (9) Help Desk Technicians,
15 (10) Quality Assurance Manager,
16 (11) ISD Analysts,
17 (12) CORE Manager,
18 (13) Enterprise System/Database Software Manager,
19 (14) Data Center Operations and Production Manager,
20 (15) Voice Communications Manager,
21 (16) Applications Development Manager,
22 (17) Projects Manager,
23 (18) PC's Manager,
24 (19) Servers Manager,

- 1 (20) Portal Manager,
2 (21) Procurement Specialists,
3 (22) Security Technicians,
4 (23) Enterprise Communications and Network
5 Administrator,
6 (24) Server Support Specialists,
7 (25) Senior Server Support Specialists,
8 (26) Systems Support Specialists,
9 (27) Senior Systems Support Specialists,
10 (28) Chief Technology Officer,
11 (29) Facility Manager,
12 (30) Application Development Specialists,
13 (31) Senior Application Development Specialists,
14 (32) Workstation Specialists,
15 (33) Senior Workstation Specialists,
16 (34) Cabling Infrastructure Administration,
17 (35) Planning Specialists,
18 (36) Senior Planning Specialists,
19 (37) Network Specialists,
20 (38) Senior Network Specialists,
21 (39) Voice Communication Specialists, and
22 (40) Senior Voice Communication Specialists;
23 19. Employees of the Oklahoma Industrial Finance Authority;
24

1 20. Those positions so specified in the annual business plan of
2 the Oklahoma Department of Commerce;

3 21. Those positions so specified in the annual business plan of
4 the Oklahoma Center for the Advancement of Science and Technology;

5 22. The following positions and employees of the Oklahoma
6 School of Science and Mathematics:

- 7 a. positions for which the annual salary is Twenty-four
8 Thousand One Hundred Ninety-three Dollars (\$24,193.00)
9 or more, as determined by the Office of Personnel
10 Management, provided no position shall become
11 unclassified because of any change in salary or grade
12 while it is occupied by a classified employee,
- 13 b. positions requiring certification by the State
14 Department of Education, and
- 15 c. positions and employees authorized to be in the
16 unclassified service of the state elsewhere in this
17 section or in subsection B of this section;

18 23. Office of Personnel Management employees occupying the
19 following positions:

- 20 a. the Carl Albert Internship Program Coordinator,
- 21 b. one Administrative Assistant,
- 22 c. one Workforce Planning Manager,
- 23 d. Assistant Administrators,
- 24 e. one Associate Administrator, and

1 f. Division Directors;

2 24. Department of Labor personnel occupying the following
3 offices and positions:

4 a. two Deputy Commissioners,

5 b. two Executive Secretaries to the Commissioner,

6 c. Chief of Staff,

7 d. two Administrative Assistants,

8 e. Information Systems Administrator,

9 f. three Safety and Health Directors,

10 g. Research Director,

11 h. Employment Standards Director,

12 i. Asbestos Director,

13 j. General Counsel,

14 k. one Legal Secretary,

15 l. one Docket Clerk, and

16 m. two Information Systems Application Specialists;

17 25. The State Bond Advisor and his or her employees;

18 26. The Oklahoma Employment Security Commission employees
19 occupying the following positions:

20 a. Associate Director,

21 b. Secretary to the Associate Director, and

22 c. Assistant to the Executive Director;

23 27. Oklahoma Human Rights Commission personnel occupying the
24 position of Administrative Assistant;

1 28. Officers and employees of the State Banking Department;

2 29. Officers and employees of the University Hospitals

3 Authority except personnel in the state classified service pursuant
4 to Section 3211 of Title 63 of the Oklahoma Statutes and members of
5 the University Hospitals Authority Model Personnel System created
6 pursuant to subsection E of Section 3211 of Title 63 of the Oklahoma
7 Statutes or as otherwise provided for in Section 3213.2 of Title 63
8 of the Oklahoma Statutes;

9 30. Alcoholic Beverage Laws Enforcement Commission employees
10 occupying the following positions:

11 a. three Administrative Service Assistant positions,
12 however, employees in such positions who are in the
13 unclassified service on June 4, 2003, may make an
14 election to be in the classified service without a
15 loss in salary by September 1, 2003, and

16 b. the Deputy Director position in addition to the one
17 authorized by paragraph 2 of this subsection;

18 31. The Oklahoma State Bureau of Investigation employees
19 occupying the following positions:

20 a. five assistant directors,

21 b. six special investigators,

22 c. one information representative,

23 d. one federally funded physical evidence technician,

24 e. four federally funded laboratory analysts,

- f. a maximum of fourteen positions employed for the purpose of managing the automated information systems of the agency,
- g. one executive secretary in addition to the one authorized pursuant to paragraph 2 of this subsection,
- h. Child Abuse Response Team (CART) investigator, and
- i. Child Abuse Response Team (CART) forensic interviewer;

32. The Department of Transportation, the following positions:

- a. Director of the Oklahoma Aeronautics Commission,
- b. five Department of Transportation Assistant Director positions,
- c. eight field division engineer positions,
- d. one pilot position,
- e. five Project Manager Positions, and
- f. five Transportation Coordinators;

33. Commissioners of the Land Office employees occupying the following positions:

- a. Director of the Investments Division,
- b. Assistant Director of the Investments Division,
- c. one Administrative Assistant,
- d. one Audit Tech position,
- e. one Auditor I position,
- f. two Accounting Tech I positions,
- g. two Administrative Assistant I positions,

- 1 h. two Imaging Specialist positions,
- 2 i. one Information Systems Specialist position,
- 3 j. Director of Communications,
- 4 k. Director of Royalty Compliance,
- 5 l. Director of Mineral Management,
- 6 m. Director of Accounting,
- 7 n. Chief of Staff,
- 8 o. First Assistant Secretary,
- 9 p. Director of Real Estate Management,
- 10 q. one executive secretary,
- 11 r. one legal secretary, and
- 12 s. one legal assistant;

13 34. Within the Oklahoma State Bureau of Narcotics and Dangerous
14 Drugs Control Commission, the following positions:

- 15 a. six Narcotics Agent positions and three Typist
16 Clerk/Spanish transcriptionists, including a Typist
17 Clerk Supervisor/Spanish transcriptionist, provided,
18 authorization for such positions shall be terminated
19 if the federal funding for the positions is
20 discontinued,
- 21 b. one executive secretary in addition to the one
22 authorized pursuant to paragraph 2 of this subsection,
- 23 c. one fiscal officer,
- 24 d. one full-time Programmer, and

1 e. one full-time Network Engineer;

2 35. The Military Department of the State of Oklahoma is
3 authorized such unclassified employees within full-time employee
4 limitations to work in any of the Department of Defense directed
5 youth programs, the State of Oklahoma Juvenile Justice youth
6 programs, those persons reimbursed from Armory Board or Billeting
7 Fund accounts, and skilled trade positions;

8 36. Within the Oklahoma Commission on Children and Youth the
9 following unclassified positions:

10 a. one Oversight Specialist and one Community Development
11 Planner,

12 b. one State Plan Grant Coordinator, provided
13 authorization for the position shall be terminated
14 when federal support for the position by the United
15 States Department of Education Early Intervention
16 Program is discontinued,

17 c. one executive secretary in addition to the one
18 authorized pursuant to paragraph 2 of this subsection,
19 and

20 d. one Programs Manager;

21 37. The following positions and employees of the Department of
22 Central Services:

- 1 a. one Executive Secretary in addition to the Executive
- 2 Secretary authorized by paragraph 2 of this
- 3 subsection,
- 4 b. the Director of Central Purchasing,
- 5 c. one Alternate Fuels Administrator,
- 6 d. one Director of Special Projects,
- 7 e. three postauditors,
- 8 f. four high-technology contracting officers,
- 9 g. one Executive Assistant to the Purchasing Director,
- 10 h. four Contracts Managers,
- 11 i. one Associate Director,
- 12 j. one specialized HiTech/Food Contracting Officer,
- 13 k. one State Use Contracting Officer,
- 14 l. one Property Distribution Administrator,
- 15 m. three licensed architects assigned to the Construction
- 16 and Properties Division,
- 17 n. three licensed engineers assigned to the Construction
- 18 and Properties Division,
- 19 o. eight construction consultants assigned to the
- 20 Construction and Properties Division,
- 21 p. one attorney assigned to the Construction and
- 22 Properties Division,
- 23 q. three positions assigned to the Information Services
- 24 Division, which shall include one Information

1 Technology Manager, one Applications Specialist and
2 one Data Planning Specialist,

3 r. four positions assigned to Fleet Management, which
4 shall include one Deputy Fleet Manager and three
5 Management Analysts,

6 s. one Chief Auditor,

7 t. one Assistant Director of Central Purchasing Division,

8 u. one Professional Errors and Omissions Liability
9 Adjuster,

10 v. three Strategic Sourcing Managers,

11 w. three Strategic Sourcing Assistant Managers, and

12 x. two Printing Services Brokers;

13 38. Oklahoma Water Resources Board personnel occupying the
14 following offices and positions:

15 a. four Water Quality Assistant Division Chiefs,

16 b. four Water Resources Division Chiefs, and

17 c. Director of Water Planning;

18 39. J.D. McCarty Center for Children with Developmental
19 Disabilities personnel occupying the following offices and
20 positions:

21 a. Physical Therapists,

22 b. Physical Therapist Assistants,

23 c. Occupational Therapists,

24 d. Certified Occupational Therapist Aides, and

1 e. Speech Pathologists;

2 40. The Development Officer, the Director of the State Museum
3 of History and the Cherokee Strip Regional Heritage Center Director
4 within the Oklahoma Historical Society;

5 41. Oklahoma Department of Agriculture, Food, and Forestry
6 personnel occupying the following positions:

7 a. one Executive Secretary in addition to the Executive
8 Secretary authorized by paragraph 2 of this subsection
9 and one Executive Assistant,

10 b. nineteen Agricultural Marketing Coordinator III
11 positions,

12 c. temporary fire suppression personnel, regardless of
13 the number of hours worked, who are employed by the
14 Oklahoma Department of Agriculture, Food, and
15 Forestry; provided, however, notwithstanding the
16 provisions of any other section of law, the hours
17 worked by such employees shall not entitle such
18 employees to any benefits received by full-time
19 employees,

20 d. one Information Technology Specialist,

21 e. one Director of Administrative Services,

22 f. one Water Quality Consumer Complaint Coordinator,

23 g. one hydrologist position,

24 h. Public Information Office Director,

- 1 i. one Information Technology Technician,
2 j. Legal Services Director,
3 k. Animal Industry Services Director,
4 l. Agricultural Environmental Management Services
5 Director,
6 m. Forestry Services Director,
7 n. Plant Industry and Consumer Services Director,
8 o. one Grants Administrator position,
9 p. Director of Laboratory Services,
10 q. Chief of Communications,
11 r. Public Information Manager,
12 s. Inventory/Supply Officer,
13 t. five Agriculture Field Inspector positions assigned
14 the responsibility for conducting inspections and
15 audits of agricultural grain storage warehouses. All
16 other Agriculture Field Inspector positions and
17 employees of the Oklahoma Department of Agriculture,
18 Food, and Forestry shall be classified and subject to
19 the provisions of the Merit System of Personnel
20 Administration. On November 1, 2002, all other
21 unclassified Agriculture Field Inspectors shall be
22 given status in the classified service as provided in
23 Section 840-4.2 of this title,
24 u. Rural Fire Coordinator,

- v. one Agricultural Marketing Coordinator I,
- w. Food Safety Division Director,
- x. two Environmental Program Specialists,
- y. two Scale Technicians,
- z. two Plant Protection Specialists, and
- aa. Chief Agent;

42. The Contracts Administrator within the ~~Oklahoma State~~
Employees Benefits ~~Council~~ Division of the Oklahoma Health and
Wellness Board;

43. The Development Officer within the Oklahoma Department of
Libraries;

44. Oklahoma Real Estate Commission personnel occupying the
following offices and positions:

- a. Educational Program Director, and
- b. Data Processing Manager;

45. A Chief Consumer Credit Examiner for the Department of
Consumer Credit;

46. All officers and employees of the Oklahoma Capitol Complex
and Centennial Commemoration Commission;

47. All officers and employees of the Oklahoma Motor Vehicle
Commission;

48. One Museum Archivist of The Will Rogers Memorial
Commission;

1 49. One Fire Protection Engineer of the Office of the State
2 Fire Marshal;

3 50. Acting incumbents employed pursuant to Section 209 of Title
4 44 or Section 48 of Title 72 of the Oklahoma Statutes who shall not
5 be included in any limitation on full-time equivalency imposed by
6 law on an agency. Permanent classified employees may request a
7 leave of absence from classified status and accept an unclassified
8 appointment and compensation as an acting incumbent with the same
9 agency; provided, the leave shall expire no later than two (2) years
10 from the date of the acting incumbent appointment. An appointing
11 authority may establish unclassified positions and appoint
12 unclassified employees to perform the duties of a permanent
13 classified employee who is on leave of absence from a classified
14 position to serve as an acting incumbent. All unclassified
15 appointments created pursuant to this paragraph shall expire no
16 later than two (2) years from the date of appointment. Classified
17 employees accepting unclassified appointments and compensation
18 pursuant to this paragraph shall be entitled to participate without
19 interruption in any benefit programs available to classified
20 employees, including retirement and insurance programs. Immediately
21 upon termination of an unclassified appointment pursuant to this
22 paragraph, an employee on assignment from the classified service
23 shall have a right to be restored to the classified service and
24 reinstated to the former job family level and compensation plus any

1 adjustments and increases in salary or benefits which the employee
2 would have received but for the leave of absence;

3 51. The Oklahoma Homeland Security Director and all other
4 positions assigned the responsibilities of working in the Oklahoma
5 Office of Homeland Security;

6 52. The following eighteen (18) positions in the State
7 Department of Health:

- 8 a. one surveillance supervisor,
- 9 b. one surveillance project monitor,
- 10 c. two bilingual interviewers,
- 11 d. eight senior interviewers, and
- 12 e. six interviewers;

13 53. State Board of Registration for Professional Engineers and
14 Land Surveyors personnel occupying the following offices and
15 positions:

- 16 a. one Director of Enforcement, and
- 17 b. two Board Investigators;

18 54. One Information Systems Data Management Analyst of the
19 Oklahoma ~~State and Education Employees Group Insurance~~ Health and
20 Wellness Board; and

21 55. Two Management Information Systems positions of the Office
22 of Juvenile Affairs.

23

24

1 B. If an agency has the authority to employ personnel in the
2 following offices and positions, the appointing authority shall have
3 the discretion to appoint personnel to the unclassified service:

4 1. Licensed medical doctors, osteopathic physicians, dentists,
5 psychologists, and nurses;

6 2. Certified public accountants;

7 3. Licensed attorneys;

8 4. Licensed veterinarians; and

9 5. Licensed pharmacists.

10 C. Effective July 1, 1996, authorization for unclassified
11 offices, positions, or personnel contained in a bill or joint
12 resolution shall terminate June 30 of the ensuing fiscal year after
13 the authorization unless the authorization is codified in the
14 Oklahoma Statutes or the termination is otherwise provided in the
15 legislation.

16 D. The appointing authority of agencies participating in the
17 statewide information systems project may establish unclassified
18 positions and appoint unclassified employees to the project as
19 needed. Additional unclassified positions may be established, if
20 required, to appoint an unclassified employee to perform the duties
21 of a permanent classified employee who is temporarily absent from a
22 classified position as a result of assignment to this project. All
23 unclassified appointments under this authority shall expire no later
24 than December 31, 2007, and all unclassified positions established

1 to support the project shall be abolished. Both the positions and
2 appointments resulting from this authority shall be exempt from any
3 agency FTE limitations and any limits imposed on the number of
4 unclassified positions authorized. Permanent classified employees
5 may request a leave of absence from classified status and accept an
6 unclassified appointment and compensation with the same agency under
7 the provisions of this subsection; provided, the leave shall expire
8 no later than December 31, 2007. Employees accepting the
9 appointment and compensation shall be entitled to participate
10 without interruption in any benefit programs available to classified
11 employees, including retirement and insurance programs. Immediately
12 upon termination of an unclassified appointment pursuant to this
13 subsection, an employee on assignment from the classified service
14 shall have a right to be restored to the classified service and
15 reinstated to the former job family level and compensation plus any
16 adjustments and increases in salary or benefits which the employee
17 would have received but for the leave of absence.

18 SECTION 31. AMENDATORY 74 O.S. 2001, Section 840-5.20,
19 is amended to read as follows:

20 Section 840-5.20 A. The ~~State and Education Employees Group~~
21 ~~Insurance~~ HealthChoice Health Insurance Division of the Oklahoma
22 Health and Wellness Board shall be under the Merit System. Except
23 as provided in subsection B of this section, all positions and
24 personnel shall be classified and subject to the provisions of the

1 Merit System of Personnel Administration as provided in the Oklahoma
2 Personnel Act. This section shall supersede and repeal any and all
3 executive orders issued pursuant to the Oklahoma Personnel Act to
4 place the agency under the Merit System.

5 B. In addition to positions and personnel that are unclassified
6 pursuant to Section 840-5.5 of ~~Title 74 of the Oklahoma Statutes~~
7 this title, the following offices, positions, and personnel of the
8 ~~State and Education Employees Group Insurance~~ HealthChoice Health
9 Insurance Division of the Oklahoma Health and Wellness Board shall
10 be in the unclassified service:

- 11 1. A director of internal audit;
- 12 2. Two deputy administrators;
- 13 3. Seven assistant administrators;
- 14 4. One executive secretarial position to the Board;
- 15 5. An administrative support officer; and
- 16 6. Three professional-level data processing positions.

17 SECTION 32. AMENDATORY 74 O.S. 2001, Section 908, is
18 amended to read as follows:

19 Section 908. ~~(1)~~ A. The Board of Trustees of the Oklahoma
20 Public Employees Retirement System shall appoint an Executive
21 Director and shall establish ~~his~~ the compensation of the Executive
22 Director. Subject to the policy direction of the Board, ~~he~~ the
23 Executive Director shall be the managing and administrative officer
24

1 of the System and as such shall have charge of the office, records,
2 and supervision and direction of the employees of the System.

3 ~~(2)~~ B. The Executive Director shall recommend to the Board the
4 administrative organization, the number and qualifications of
5 employees necessary to carry out the intent of ~~this act~~ Section 901
6 et seq. of this title, and the policy direction of the Board. Upon
7 approval of the organizational plan by the Board, the Executive
8 Director may employ such persons as are deemed necessary to
9 administer ~~this act~~ Section 901 et seq. of this title.

10 ~~(3)~~ C. The members of the Board of Trustees, the Executive
11 Director and the employees of the System shall not accept gifts or
12 gratuities from an individual organization with a value in excess of
13 Fifty Dollars (\$50.00) per year. The provisions of this section
14 shall not be construed to prevent the members of the Board of
15 Trustees, the Executive Director or the employees of the System from
16 attending educational seminars, conferences, meetings or similar
17 functions which are paid for, directly or indirectly, by more than
18 one organization.

19 ~~(4)~~ D. The Board of Trustees shall select and retain a
20 qualified actuary who shall serve at its pleasure as its technical
21 advisor or consultant on matters regarding the operation of the
22 System. The actuary shall:

23 ~~(a)~~ make 1. Make an annual valuation of the liabilities and
24 reserves of the System, and a determination of the contributions

1 required by the System to discharge its liabilities and
2 administrative costs under ~~this act~~ Section 901 et seq. of this
3 title, and recommend to the Board rates of employer contributions
4 required to establish and maintain the System on an adequate reserve
5 basis-;

6 ~~(b) as~~ 2. As soon after the effective date as practicable and
7 once every three (3) years thereafter, make a general investigation
8 of the actuarial experience under the System, including mortality,
9 retirement, employment turnover, and interest, and recommend
10 actuarial tables for use in valuations and in calculating actuarial
11 equivalent values based on such investigation-; and

12 ~~(c) perform~~ 3. Perform such other duties as may be assigned by
13 the Board.

14 ~~(5) E.~~ E. The Board may retain an attorney licensed to practice
15 law in this state. The attorney shall serve at the pleasure of the
16 Board for such compensation as specified by the Board. The attorney
17 shall advise the Board and perform legal services for the Board with
18 respect to any matters properly before the Board. In addition, the
19 attorney shall advise and perform legal services for the ~~State and~~
20 ~~Education Employees Group Insurance~~ Oklahoma Health and Wellness
21 Board with respect to any matters properly before that Board as
22 provided in ~~Section~~ Sections 1301 et seq. through 1328 of this
23 title.

24

1 ~~(6)~~ F. The Board shall decide in each instance the membership
2 status of member employees whose membership in the System becomes a
3 matter of conjecture on account of mergers or consolidations of
4 state agencies.

5 ~~(7)~~ G. The Board may retain an internal auditor to serve at the
6 pleasure of the Board for such compensation as specified by the
7 Board. In addition to the duties assigned by the Board, the
8 internal auditor is authorized to audit all records of any
9 participating employer in order to ensure compliance with the
10 provisions of ~~Section~~ Sections 901 ~~et seq.~~ through 943 of this
11 title.

12 SECTION 33. AMENDATORY Section 1, Chapter 449, O.S.L.
13 2004, as amended by Section 2, Chapter 367, O.S.L. 2007 (74 O.S.
14 Supp. 2010, Section 915.3), is amended to read as follows:

15 Section 915.3 On or before January 1, 2005, the Oklahoma Public
16 Employees Retirement System shall implement a retirement benefit
17 option for members retiring prior to being Medicare-eligible. The
18 purpose of this option is to allow a person who retires prior to
19 being Medicare-eligible to elect to receive an increased benefit to
20 help cover the cost of the member and dependent health insurance
21 premiums, if any, until such member is eligible to receive Medicare.
22 Beginning in the month following such month that the member becomes
23 Medicare-eligible, his or her retirement benefit will be reduced by
24 an actuarial amount. The alternative retirement benefit option

1 shall be devised so that the increased pre-Medicare retirement
2 benefit and the lower post-Medicare retirement benefit shall have a
3 neutral actuarial cost to the System. The System may, but shall not
4 be required to, make individual actuarial calculations; however, the
5 actuarial reduction necessary to provide this alternative retirement
6 benefit option shall be calculated after and in addition to any
7 reduction necessary to provide a survivor benefit pursuant to
8 Section 918 of this title. The increased pre-Medicare retirement
9 benefit may not equal an individual's actual premium, but the
10 formula used shall be based upon the retiree pre-Medicare health
11 insurance premiums of the plans offered by the ~~State and Education~~
12 ~~Employees Group Insurance~~ Oklahoma Health and Wellness Board at the
13 time the member retires. The System shall on or before January 1 of
14 each year update the formula based upon new health insurance premium
15 data of the plans offered by the ~~State and Education Employees Group~~
16 ~~Insurance~~ Board to retired members. A member retiring under the
17 alternative retirement benefit option shall have the member's
18 retirement benefit based upon the formula in use at the time of
19 retirement and shall not be amended thereafter to reflect further
20 changes in health insurance premiums. A member electing to
21 participate in the alternative retirement benefit option shall make
22 an irrevocable election at the time of retirement to participate in
23 such option. Provided further, that any married member making this
24 election shall comply with the provisions of Section 918 of this

1 title. The Board of Trustees of the Oklahoma Public Employees
2 Retirement System shall promulgate such rules as are necessary to
3 implement the provisions of this section.

4 No member shall be eligible to make the election provided for in
5 this section until the Board receives official written notice that
6 this alternative retirement benefit option satisfies the tax
7 qualification requirements for governmental plans applicable to such
8 benefit options as specified in the Internal Revenue Code of 1986,
9 as amended from time to time and as applicable to governmental plans
10 and the relevant regulatory provisions and guidance related thereto.

11 SECTION 34. AMENDATORY 74 O.S. 2001, Section 1301, is
12 amended to read as follows:

13 Section 1301. This act shall be known and may be cited as the
14 "~~State and Education Employees Group Insurance~~ Oklahoma Health and
15 Wellness Act".

16 SECTION 35. AMENDATORY 74 O.S. 2001, Section 1302, is
17 amended to read as follows:

18 Section 1302. It is hereby declared that the purpose of ~~this~~
19 ~~act~~ Section 1301 et seq. of this title is:

20 ~~(a) 1. To provide uniformity in Accident and Health Insurance~~
21 ~~and/or Benefits Coverage and Life Insurance~~ benefits coverage on all
22 employees of the State of Oklahoma;

23

24

1 ~~(b)~~ 2. To enable the state to attract and retain qualified
2 employees by providing health, dental and life insurance benefits
3 similar to those commonly provided in private industry;

4 ~~(e)~~ 3. To recognize and protect the state's investment in each
5 permanent employee by promoting and preserving good health and
6 longevity among state employees;

7 ~~(d)~~ 4. To recognize the service to the state by elected and
8 appointed officials by extending to them the same health, dental and
9 life insurance benefits as are provided herein for state employees;

10 ~~(e)~~ 5. To recognize long and faithful service, and to encourage
11 employees to remain in state service until eligible for retirement
12 by providing health, dental and life insurance benefits for
13 employees; and

14 ~~(f)~~ 6. To ensure state compliance with the Health Maintenance
15 Organization Act of 1973 pursuant to 42 U.S.C., Section 300e et seq.

16 SECTION 36. AMENDATORY 74 O.S. 2001, Section 1303, as
17 last amended by Section 13, Chapter 415, O.S.L. 2008 (74 O.S. Supp.
18 2010, Section 1303), is amended to read as follows:

19 Section 1303. For the purposes of and as used in the ~~State and~~
20 ~~Education Employees Group Insurance~~ Oklahoma Health and Wellness
21 Act:

22 1. "Board" means the ~~State and Education Employees Group~~
23 ~~Insurance~~ Oklahoma Health and Wellness Board ~~as created by the State~~
24 ~~and Education Employees Group Insurance Act;~~

1 2. "Employee" means those state employees, education employees
2 and other eligible employees participating in the ~~State and~~
3 ~~Education Employees Group Insurance~~ Oklahoma Health and Wellness
4 Act;

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

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

18 5. "Visiting Faculty" means a person employed by an institution
19 of higher education who is not eligible for academic rank or tenure,
20 other than an adjunct professor, and who is contracted to instruct
21 in a given specific discipline generally not to exceed one (1)
22 academic year;

23

24

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

4 7. "State Employee" means and includes each officer or employee
5 in the service of the State of Oklahoma who, after January 1, 1966,
6 received compensation for service rendered to the State of Oklahoma
7 on a warrant issued pursuant to a payroll certified by a department
8 or by an elected or duly appointed officer of the state or who
9 receives payment for the performance of personal services on a
10 warrant issued pursuant to a payroll certified by a department and
11 drawn by the State Treasurer against appropriations made by the
12 Legislature from any state fund or against trust funds held by the
13 State Treasurer, who is employed in a position normally requiring
14 actual performance of duty during not less than one thousand (1,000)
15 hours per year, and whose employment is not seasonal or temporary,
16 except that a person elected by popular vote will be considered an
17 employee during the person's tenure in office; provided, however,
18 that employees who are otherwise eligible who are on approved leave
19 without pay shall be eligible to continue coverage during such leave
20 not to exceed twenty-four (24) months, as provided in the Merit
21 Rules for Employment published by the Office of Personnel
22 Management, from the date the employee goes on such leave provided
23 the employee pays the full premiums due or persons who are drawing
24 disability benefits under Section 1331 et seq. of this title or meet

1 each and every requirement of the State Employees Disability Program
2 shall be eligible to continue coverage provided the person pays the
3 full premiums due;

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

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

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

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

23 12. "Other insurance" means any type of coverage other than
24 basic hospital and medical benefits, major medical benefits,

1 comprehensive benefits, life insurance benefits or dental insurance
2 benefits, which the Board may be directed to offer;

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

11 14. "Comprehensive benefits" means benefits which reimburse the
12 expense of hospital room and board, other hospital services, certain
13 outpatient expenses, maternity benefits, surgical expense, including
14 obstetrical care, in-hospital medical care expense, diagnostic
15 radiological and laboratory benefits, physicians' services provided
16 by house and office calls, treatments administered in physicians'
17 office, prescription drugs, psychiatric services, Christian Science
18 practitioners' services, Christian Science nurses' services,
19 optometric medical services for injury or illness of the eye, home
20 health care, home nursing service, hospice care, and such other
21 benefits as may be determined by the Board. Such benefits shall be
22 provided on a copayment or coinsurance basis, the insured to pay a
23 proportion of the cost of such benefits, and may be subject to a

24

1 deductible that applies to all or part of the benefits as determined
2 by the Board; and

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

17 SECTION 37. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 1304.1 of Title 74, unless there
19 is created a duplication in numbering, reads as follows:

20 A. There is hereby created the Oklahoma Health and Wellness
21 Board.

22 B. The chair and vice-chair shall be elected by the Board
23 members at the first meeting of the Board and shall preside over
24 meetings of the Board and perform other duties as may be required by

1 the Board. Upon the resignation or expiration of the term of the
2 chair or vice-chair, the members shall elect a chair or vice-chair.
3 The Board shall elect one of its members to serve as secretary.

4 C. The Board shall consist of eleven (11) members to be
5 appointed as follows:

6 1. Four members shall be appointed by the Governor, as follows:

7 a. one shall be an actuary or have experience in the area
8 of finance,

9 b. one shall be an attorney licensed in this state, and

10 c. two shall have experience in the administration of
11 private sector health insurance plans;

12 2. The Insurance Commissioner, or designee;

13 3. Three members shall be appointed by the Speaker of the
14 Oklahoma House of Representatives. One shall be a licensed
15 physician in this state whose primary practice is rural, and one
16 shall represent the largest statewide organization which advocates
17 on behalf of public education employees who shall be a nonvoting
18 member and whose presence at meetings shall not be counted in the
19 determination of a quorum; and

20 4. Three members shall be appointed by the President Pro
21 Tempore of the State Senate. One shall be a licensed physician
22 whose primary practice is urban, and one shall represent the largest
23 statewide organization which advocates on behalf of public employees
24

1 | who shall be a nonvoting member and whose presence at meetings shall
2 | not be counted in the determination of a quorum.

3 | D. Each appointing entity shall appoint no more than one member
4 | to the Board who is a member of the State and Education Employees
5 | Group Insurance Board or the Oklahoma State Employees Benefits
6 | Council as of the effective date of this act.

7 | E. Each member of the Board shall serve a term of four (4)
8 | years from the date of appointment.

9 | F. The members shall be reimbursed for their expenses,
10 | according to the State Travel Reimbursement Act, as are incurred in
11 | the performance of their duties, which shall be paid from the Health
12 | Insurance Reserve Fund. No Board member shall be individually or
13 | personally liable for any action of the Board.

14 | G. The Board shall meet as often as necessary to conduct
15 | business but shall meet no less than four times a year, with an
16 | organizational meeting to be held prior to December 1, 2011. The
17 | organizational meeting shall be called by the Insurance
18 | Commissioner.

19 | H. Except as otherwise provided in this subsection, no member
20 | of the Board shall be a lobbyist registered in this state as
21 | provided by law, or be employed directly or indirectly by any firm
22 | or health care provider under contract to the State and Education
23 | Employees Group Insurance Board, the Oklahoma State Employees
24 | Benefits Council, or the Oklahoma Health and Wellness Board, or any

1 benefit program under its jurisdiction, for any goods or services
2 whatsoever. The nonvoting member appointed pursuant to paragraphs 3
3 and 4 of subsection C of this section may be a lobbyist registered
4 in this state if the member is employed full-time by the statewide
5 organization the member is representing on the Board. Any physician
6 member of the Board shall not be subject to the provisions of this
7 subsection.

8 I. Any vacancy occurring on the eleven-member Board shall be
9 filled in the same manner as provided for in subsection C of this
10 section.

11 J. The Board shall act in accordance with the provisions of the
12 Oklahoma Open Meeting Act, the Oklahoma Open Records Act and the
13 Administrative Procedures Act.

14 K. The Board shall not be subject to the provisions of the
15 Oklahoma Sunset Law, Sections 3901 through 3921 of Title 74 of the
16 Oklahoma Statutes.

17 L. The Board, pursuant to the provisions of Sections 250
18 through 323 of Title 75 of the Oklahoma Statutes, shall adopt rules
19 consistent with the provisions of the Oklahoma Health and Wellness
20 Act as it deems necessary to carry out its statutory duties and
21 responsibilities, including but not limited to rules ensuring the
22 plan participants due process of law.

23 SECTION 38. AMENDATORY 74 O.S. 2001, Section 1305, is
24 amended to read as follows:

1 Section 1305. ~~(1)~~ A. The Oklahoma Health and Wellness Board
2 shall hold regular meetings at least once each quarter in Oklahoma
3 City, the date, time, and place thereof to be fixed by the Board.
4 The Board shall in July of each year hold a regular meeting which
5 shall be the annual meeting, at which meeting it shall elect its
6 officers.

7 ~~(2)~~ B. Special meetings may be called upon written notice of
8 the chairman or by agreement of ~~any five~~ a majority of the members
9 of the Board. Notice of a special meeting shall be delivered to all
10 members in person or by registered or certified United States mail
11 not less than seven (7) days prior to the date fixed for the
12 meeting; provided, however, that notice of such meeting may be
13 waived by any member either before or after such meeting and
14 attendance at such meeting shall constitute a waiver of notice of
15 such meeting, unless a member participates therein solely to object
16 to the transaction of any business because the meeting has not been
17 legally called or convened.

18 ~~(3)~~ C. A majority of the members of the Board shall constitute
19 a quorum for the transaction of business, and any official action of
20 the Board ~~must~~ shall have a favorable vote by a majority of the
21 members of the Board present.

22 ~~(4)~~ D. The members shall be reimbursed for their expenses,
23 according to the State Travel Reimbursement Act, as are incurred in
24 the performance of their duties, which shall be paid from the Health

1 Insurance Reserve Fund. No Board member shall be individually or
2 personally liable for any action of the Board.

3 ~~(5) E.~~ The members of the Board, ~~the Administrator~~ and the
4 employees of the Board shall not accept gifts or gratuities from an
5 individual organization ~~with a value in excess of Fifty Dollars~~
6 ~~(\$50.00) per year.~~ The provisions of this section shall not be
7 construed to prevent the members of the Board, ~~the Administrator~~ or
8 the employees of the Board from attending educational seminars,
9 conferences, meetings or similar functions which are paid for,
10 directly or indirectly, by more than one organization.

11 SECTION 39. AMENDATORY 74 O.S. 2001, Section 1305.1, as
12 amended by Section 2, Chapter 196, O.S.L. 2002 (74 O.S. Supp. 2010,
13 Section 1305.1), is amended to read as follows:

14 Section 1305.1 ~~(1) The State and Education Employees Group~~
15 ~~Insurance Board shall discharge their duties with respect to the~~
16 ~~State and Education Employees Group Insurance Act, the State~~
17 ~~Employees Flexible Benefits Act and the State Employees Disability~~
18 ~~Program Act solely in the interest of said Acts and:~~

19 ~~(a) for the exclusive purpose of:~~

20 ~~(i) providing benefits to the participants and their~~
21 ~~dependents, and~~

22 ~~(ii) defraying reasonable expenses of administering the~~
23 ~~State and Education Employees Group Insurance Act, the~~

24

1 ~~State Employees Flexible Benefits Act and the State~~
2 ~~Employees Disability Program Act;~~

3 ~~(b) with the care, skill, prudence, and diligence under the~~
4 ~~circumstances then prevailing that a prudent person acting in a like~~
5 ~~capacity and familiar with such matters would use in the conduct of~~
6 ~~an enterprise of a like character and with like aims;~~

7 ~~(c) by diversifying investments so as to minimize the risk of~~
8 ~~large losses, unless under the circumstances it is clearly prudent~~
9 ~~not to do so; and~~

10 ~~(d) in accordance with the laws, documents and instruments~~
11 ~~governing the State and Education Employees Group Insurance Act, the~~
12 ~~State Employees Flexible Benefits Act and the State Employees~~
13 ~~Disability Program Act.~~

14 ~~(2) The monies received by the State and Education Employees~~
15 ~~Group Insurance Board shall be invested only in assets eligible for~~
16 ~~the investment of funds of legal reserve life insurance companies in~~
17 ~~this state as provided for in Sections 1602 through 1611, 1613~~
18 ~~through 1620, and 1622 through 1624 of Title 36 of the Oklahoma~~
19 ~~Statutes. The term admitted assets shall mean the amount of the~~
20 ~~monies received by the Board and the provisions relating to~~
21 ~~limitation of investments as a percentage of surplus and loans to~~
22 ~~policyholders shall be inapplicable with respect to investment of~~
23 ~~the monies received by the Board.~~

1 ~~(3)~~ A. The Oklahoma Health and Wellness Board may procure
2 insurance indemnifying the members of the Board from personal loss
3 or accountability from liability resulting from a member's action or
4 inaction as a member of the Board.

5 ~~(4)~~ B. The Board may establish an investment committee. The
6 investment committee shall be composed of not more than ~~five~~ ~~(5)~~
7 three members of the Board appointed by the ~~chairman~~ chair of the
8 Board. The committee shall make recommendations to the full Board
9 on all matters related to the choice of custodians and managers of
10 the assets of the Board, on the establishment of investment and fund
11 management guidelines, and in planning future investment policy.
12 The committee shall have no authority to act on behalf of the Board
13 in any circumstances whatsoever. No recommendation of the committee
14 shall have effect as an action of the Board nor take effect without
15 the approval of the Board as provided by law.

16 ~~(5)~~ C. The Board shall retain qualified investment managers to
17 provide for the investment of the monies received by the Board. The
18 investment managers shall be chosen by a solicitation of proposals
19 on a competitive bid basis pursuant to standards set by the Board.
20 Subject to the overall investment guidelines set by the Board, the
21 investment managers shall have full discretion in the management of
22 those monies of the Board allocated to the investment managers. The
23 Board shall manage those monies not specifically allocated to the
24 investment managers. The monies of the Board allocated to the

1 investment managers shall be actively managed by the investment
2 managers, which may include selling investments and realizing losses
3 if such action is considered advantageous to longer term return
4 maximization. Because of the total return objective, no distinction
5 shall be made for management and performance evaluation purposes
6 between realized and unrealized capital gains and losses.

7 ~~(6)~~ D. Funds and revenues for investment by the investment
8 managers or the Board shall be placed with a custodian selected by
9 the Board. The custodian shall be a bank or trust company offering
10 pension fund master trustee and master custodial services. The
11 custodian shall be chosen by a solicitation of proposals on a
12 competitive bid basis pursuant to standards set by the Board. In
13 compliance with the investment policy guidelines of the Board, the
14 custodian bank or trust company shall be contractually responsible
15 for ensuring that all monies of the Board are invested in income-
16 producing investment vehicles at all times. If a custodian bank or
17 trust company has not received direction from the investment
18 managers of the Board as to the investment of the monies of the
19 Board in specific investment vehicles, the custodian bank or trust
20 company shall be contractually responsible to the Board for
21 investing the monies in appropriately collateralized short-term
22 interest-bearing investment vehicles.

23

24

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

4 ~~(8)~~ F. The Administrator shall compile a quarterly financial
5 report of all the funds of the Board on a calendar year basis. The
6 report shall be compiled pursuant to uniform reporting standards
7 prescribed by the Insurance Commissioner for all domestic insurance
8 companies. The report shall include several relevant measures of
9 investment value, including acquisition cost and current fair market
10 value with appropriate summaries of total holdings and returns. The
11 report shall contain combined and individual rate of returns of the
12 investment managers by category of investment, over periods of time.
13 The report shall be distributed to the Governor, the Legislative
14 Service Bureau and the Joint Committee on Fiscal Operations.

15 G. The Board shall consolidate the personnel and facilities of
16 the Board and the Board's Divisions and identify inefficient or
17 duplicative functions or services. The Board shall eliminate any
18 duplicative positions or services and shall sell or otherwise
19 dispose of any duplicative assets. The Board shall report all such
20 actions to the Joint Liaison Committee on Oklahoma Health and
21 Wellness no later than November 1, 2012. The report shall include
22 any statutory modifications needed to achieve optimal efficiency.

23 H. At the end of each plan year, the Board shall utilize all
24 amounts from the fund equity of the Health and Dental Fund as shown

1 in the Board's audited financials which are in excess of one hundred
2 seventy-five percent (175%) of the Experience Fluctuation Risk
3 Component of the National Association of Insurance Commissioners
4 (NAIC) Health Risk-Based Capital (RBC) calculation for the purpose
5 of funding health savings accounts, flexible spending accounts and
6 the wellness program at the discretion of the Board. The Board
7 shall report the use of these funds to the Joint Liaison Committee
8 on Oklahoma Health and Wellness annually.

9 I. The Board shall utilize the Employee Benefits Council
10 surplus as of the effective date of this act for the purpose of
11 funding health savings accounts, flexible spending accounts and the
12 wellness program, at the discretion of the Board.

13 J. The Board shall establish a wellness program for all
14 participants in the plan. Components of the plan shall include, but
15 not be limited to, financial incentives for participation in the
16 wellness program and healthy living practices.

17 SECTION 40. AMENDATORY 74 O.S. 2001, Section 1305.2, is
18 amended to read as follows:

19 Section 1305.2 ~~(1)~~ A. A fiduciary with respect to the ~~State~~
20 ~~and Education Employees Group Insurance~~ Oklahoma Health and Wellness
21 Board shall not cause the Board to engage in a transaction if the
22 fiduciary knows or should know that such transaction constitutes a
23 direct or indirect:

24

1 ~~(a) sale~~ 1. Sale or exchange, or leasing of any property from
2 the Board to a party in interest for less than adequate
3 consideration or from a party in interest to the Board for more than
4 adequate consideration;

5 ~~(b) lending~~ 2. Lending of money or other extension of credit
6 from the Board to a party in interest without the receipt of
7 adequate security and a reasonable rate of interest, or from a party
8 in interest to the Board with provision of excessive security or an
9 unreasonably high rate of interest;

10 ~~(c) furnishing~~ 3. Furnishing of goods, services or facilities
11 from the Board to a party in interest for less than adequate
12 consideration, or from a party in interest to the Board for more
13 than adequate consideration; or

14 ~~(d) transfer~~ 4. Transfer to, or use by or for the benefit of, a
15 party in interest of any assets of the Board for less than adequate
16 consideration.

17 ~~(2) B.~~ A fiduciary with respect to the Board shall not:

18 ~~(a) deal~~ 1. Deal with the assets of the Board in the
19 fiduciary's own interest or for the fiduciary's own account;

20 ~~(b) in~~ 2. In the fiduciary's individual or any other capacity
21 act in any transaction involving the Board on behalf of a party
22 whose interests are adverse to the interests of the Board or the
23 interests of its participants or beneficiaries; or

24

1 ~~(c) receive~~ 3. Receive any consideration for the fiduciary's
2 own personal account from any party dealing with the Board in
3 connection with a transaction involving the assets of the Board.

4 ~~(3) C.~~ A fiduciary with respect to the Board may:

5 ~~(a) invest~~ 1. Invest all or part of the assets of the Board in
6 deposits which bear a reasonable interest rate in a bank or similar
7 financial institution supervised by the United States or a state, if
8 such bank or other institution is a fiduciary of such plan; or

9 ~~(b) provide~~ 2. Provide any ancillary service by a bank or
10 similar financial institution supervised by the United States or a
11 state, if such bank or other institution is a fiduciary of such
12 plan.

13 ~~(4) D.~~ A person or a financial institution is a fiduciary with
14 respect to the Board to the extent that the person or the financial
15 institution:

16 ~~(a) exercises~~ 1. Exercises any discretionary authority or
17 discretionary control respecting management of the Board or
18 exercises any authority or control respecting management or
19 disposition of the assets of the Board;

20 ~~(b) renders~~ 2. Renders investment advice for a fee or other
21 compensation, direct or indirect, with respect to any monies or
22 other property of the Board, or has any authority or responsibility
23 to do so; or

24

1 ~~(c) has~~ 3. Has any discretionary authority or discretionary
2 responsibility in the administration of the Board.

3 SECTION 41. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 1305.3 of Title 74, unless there
5 is created a duplication in numbering, reads as follows:

6 A. The Oklahoma Health and Wellness Board shall develop a
7 strategy and program to promote personal responsibility for overall
8 good health and wellness among all state and education employees
9 enrolled in any of the health benefit plans offered by the Oklahoma
10 Health and Wellness Board.

11 B. The Oklahoma Health and Wellness Board shall promote and
12 coordinate medical home providers by expanding the existing medical
13 home infrastructure and providers into a statewide, multipayer
14 delivery system.

15 1. The Board shall develop an infrastructure capable of
16 covering both rural and urban areas of the state.

17 2. The infrastructure shall include, but not be limited to, an
18 electronic medical records system with the capability to allow
19 connectivity between medical home providers, a referral management
20 process that emphasizes the full scope of practice by primary care
21 doctors with appropriate input by specialists, and a robust clinical
22 process and outcomes reporting package.

23
24

1 SECTION 42. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 1305.4 of Title 74, unless there
3 is created a duplication in numbering, reads as follows:

4 A. The Oklahoma Health and Wellness Board shall create and
5 oversee two divisions for the purposes of procuring, administering
6 and managing health benefit plans, including a health maintenance
7 organization (HMO) offered to qualifying state and education
8 employees in this state. The Board may appoint an Administrator or
9 Executive Director for each Division if the position is deemed
10 necessary by the Board. The two divisions shall be the:

- 11 1. HealthChoice Health Insurance Division; and
- 12 2. Employee Benefits Division.

13 B. The HealthChoice Health Insurance Division shall discharge
14 its duties with respect to the Oklahoma Health and Wellness Act, the
15 State Employees Flexible Benefits Act and the State Employees
16 Disability Program Act solely in the interest of said acts and:

- 17 1. For the exclusive purpose of:
 - 18 a. providing benefits to the participants and their
19 dependents, and
 - 20 b. defraying reasonable expenses of administering the
21 HealthChoice health insurance benefit plan, the State
22 Employees Flexible Benefits Act and the State
23 Employees Disability Program Act;

24

1 2. With the care, skill, prudence, and diligence under the
2 circumstances then prevailing that a prudent person acting in a like
3 capacity and familiar with such matters would use in the conduct of
4 an enterprise of a like character and with like aims;

5 3. By diversifying investments so as to minimize the risk of
6 large losses, unless under the circumstances it is clearly prudent
7 not to do so; and

8 4. In accordance with the laws, documents and instruments
9 governing the Oklahoma Health and Wellness Act, the State Employees
10 Flexible Benefits Act and the State Employees Disability Program
11 Act.

12 C. The monies received by the HealthChoice Health Insurance
13 Division shall be invested only in assets eligible for the
14 investment of funds of legal reserve life insurance companies in
15 this state as provided for in Sections 1602 through 1611, 1613
16 through 1620, and 1622 through 1624 of Title 36 of the Oklahoma
17 Statutes. The term "admitted assets" shall mean the amount of the
18 monies received by the HealthChoice Health Insurance Division.

19 SECTION 43. AMENDATORY 74 O.S. 2001, Section 1306, as
20 last amended by Section 3, Chapter 231, O.S.L. 2006 (74 O.S. Supp.
21 2010, Section 1306), is amended to read as follows:

22 Section 1306. ~~The State and Education Employees Group Insurance~~
23 ~~Board~~ HealthChoice Health Insurance Division shall administer and
24 manage the group insurance plans and the flexible benefits plan and,

1 subject to the provisions of the ~~State and Education Employees Group~~
2 ~~Insurance~~ Oklahoma Health and Wellness Act and the State Employees
3 Flexible Benefits Act, shall have the following powers and duties:

4 1. The preparation of specifications for such insurance plans
5 as the ~~Board~~ HealthChoice Health Insurance Division may determine to
6 be appropriate;

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

12 3. The determination of the methods of claims administration
13 under such insurance and benefit plans as the ~~Board~~ HealthChoice
14 Health Insurance Division may offer;

15 4. The determination of the eligibility of employees and their
16 dependents to participate in each of the ~~Group Insurance Plans~~ group
17 insurance plans and in such other insurance and benefit plans as the
18 ~~Board~~ HealthChoice Health Insurance Division may offer and the
19 eligibility of employees to participate in the ~~Life Insurance Plan~~
20 life insurance plan provided that evidence of insurability shall not
21 be a requirement in determining an employee's initial eligibility;

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

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

21 7. The continuing study of the operation of such insurance and
22 benefit plans as the ~~Board~~ HealthChoice Health Insurance Division
23 may offer including such matters as gross and net costs,

24

1 administrative costs, benefits, utilization of benefits, and claims
2 administration;

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

6 9. The auditing of the claims paid pursuant to the provisions
7 of the ~~State and Education Employees Group Insurance~~ Oklahoma Health
8 and Wellness Act, the State Employees Flexible Benefits Act and the
9 State Employees Disability Program Act;

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

1 ~~then a vendor that offers both an HMO plan and a~~
2 ~~point of service plan may choose to offer only its~~
3 ~~point of service plan in lieu of offering its HMO~~
4 ~~plan.~~

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

22 ~~e.~~ b. Effective for the plan year beginning January 1, ~~2007~~
23 2012, and for each year thereafter, in setting health
24 insurance premiums for active employees and for

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

6 11. To contract for reinsurance, catastrophic insurance, or any
7 other type of insurance deemed necessary by the Board. Provided,
8 however, that the ~~Board~~ HealthChoice Health Insurance Division shall
9 not offer a health plan which is owned or operated by the state and
10 which utilizes a capitated payment plan for providers which uses a
11 primary care physician as a gatekeeper to any specialty care
12 provided by physician-specialists, unless specifically authorized by
13 the Legislature;

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

22 13. The ~~Board~~ HealthChoice Health Insurance Division shall
23 contract for claims administration services with a private insurance
24 carrier or a company experienced in claims administration of any

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

9 ~~14.~~ 13. The ~~Board~~ Division shall contract for utilization
10 review services with a company experienced in utilization review,
11 data base evaluation, market research, and planning and performance
12 of the health insurance plan;

13 ~~15.~~ 14. The ~~Board~~ HealthChoice Health Insurance Division shall
14 have the authority to determine all rates and life, dental and
15 health benefits. Except as otherwise provided for in Section 1321
16 of this title, the ~~Board~~ Division shall not have the authority to
17 adjust the premium rates after approval. The ~~Board~~ Division shall
18 submit notice of the amount of employee premiums and dependent
19 premiums along with an actuarial projection of the upcoming fiscal
20 year's enrollment, employee contributions, employer contributions,
21 investment earnings, paid claims, internal expenses, external
22 expenses and changes in liabilities to the Oklahoma Health and
23 Wellness Board, the Director of the Office of State Finance and the

24

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

3 Effective for the plan year beginning January 1, ~~2007~~ 2012, and
4 for each plan year thereafter, in setting health insurance premiums
5 for active employees and retirees under sixty-five (65) years of
6 age, the ~~Board~~ Division 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.~~ 15. Before December 1 of each year the ~~Board~~ Division shall
10 submit to the Oklahoma Health and Wellness Board and the Director of
11 the Office of State Finance a report outlining the financial
12 condition for the previous fiscal year of all insurance plans
13 offered by the ~~Board~~ Division. The report shall include a complete
14 explanation of all reserve funds and the actuarial projections on
15 the need for such reserves. The report shall include and disclose
16 an estimate of the future trend of medical costs, the impact from
17 HMO enrollment, antiselection, changes in law, and other
18 contingencies that could impact the financial status of the plan.
19 The Board and the Director of the Office of State Finance shall make
20 written comment on the report and shall provide such comment, along
21 with the report submitted by the ~~Board~~ Division, to the Governor,
22 the President Pro Tempore of the Senate, and the Speaker of the
23 House of Representatives ~~and the Chair of the Oklahoma State~~
24 ~~Employees Benefits Council~~ by January 15;

1 ~~17.~~ 16. The ~~Board~~ Division shall establish a prescription drug
2 card network;

3 ~~18.~~ 17. The ~~Board~~ Division shall have the authority to
4 intercept monies owing to plan participants from other state
5 agencies, when those participants in turn, owe money to the ~~Board~~.
6 ~~The Board shall be required to adopt rules and regulations ensuring~~
7 ~~the participants due process of law~~ Division;

8 ~~19.~~ 18. The ~~Board~~ Division 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~~ copayment reinsurance. Premiums for said plans
12 shall be actuarially based and the cost for such supplemental plans
13 shall be paid by the employee;

14 ~~20.~~ 19. Beginning with the plan year which begins on January 1,
15 ~~2006~~ 2012, the ~~Board~~ Division shall select and contract with one or
16 more providers to offer a group TRICARE Supplement product to
17 eligible employees who are eligible TRICARE beneficiaries. Any
18 membership dues required to participate in a group TRICARE
19 Supplement product offered pursuant to this paragraph shall be paid
20 by the employee. As used in this paragraph, "TRICARE" means the
21 Department of Defense health care program for active duty and
22 retired uniform service members and their families;

23 ~~21.~~ 20. There is hereby created as a joint committee of the
24 State Legislature, the Joint Liaison Committee on ~~State and~~

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

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

20 The Joint Liaison Committee on ~~State and Education Employees~~
21 ~~Group Insurance Benefits~~ Oklahoma Health and Wellness shall serve as
22 a liaison with the ~~State and Education Employees Group Insurance~~
23 Oklahoma Health and Wellness Board regarding advice, guidance,
24 policy, management, operations, plans, programs and fiscal needs of

1 said Board. Said Board shall not be bound by any action of the
2 Joint Committee; and

3 ~~22.~~ 21. The ~~State and Education Employees Group Insurance~~
4 Oklahoma Health and Wellness Board shall annually collect its own
5 set of performance measures comparable to the Health Plan Employer
6 Data and Information Set (HEDIS) for the purpose of assessing the
7 quality of its HealthChoice plans and the other services it
8 provides.

9 SECTION 44. AMENDATORY 74 O.S. 2001, Section 1306.2, is
10 amended to read as follows:

11 Section 1306.2 A. The ~~State and Education Employees Group~~
12 ~~Insurance Board~~ HealthChoice Health Insurance Division shall submit
13 to the Oklahoma Health and Wellness Board and the Insurance
14 Commissioner the following information regarding utilization review
15 performed by employees of the ~~board~~ Division:

- 16 1. A utilization review plan that includes:
- 17 a. an adequate summary description of review standards,
18 protocol and procedures to be used in evaluating
19 proposed or delivered hospital and medical care,
 - 20 b. assurances that the standards and criteria to be
21 applied in review determinations are established with
22 input from health care providers representing major
23 areas of specialty and certified by the boards of the
24 various American medical specialties, and

1 c. the provisions by which patients or health care
2 providers may seek reconsideration or appeal of
3 adverse decisions concerning requests for medical
4 evaluation, treatment or procedures;

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

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

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

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

17 6. A copy of the materials designed to inform applicable
18 patients and health care providers of the requirements of the
19 utilization review plan;

20 7. The procedures for receiving and handling complaints by
21 patients, hospitals and health care providers concerning utilization
22 review; and

23 8. Procedures to ensure that after a request for medical
24 evaluation, treatment, or procedures has been rejected in whole or

1 in part and in the event a copy of the report on said rejection is
2 requested, a copy of the report of the personnel performing
3 utilization review concerning the rejection shall be mailed by the
4 insurer, postage prepaid, to the ill or injured person, the treating
5 health care provider, hospital or to the person financially
6 responsible for the patient's bill within fifteen (15) days after
7 receipt of the request for the report.

8 B. The ~~Board~~ Division shall pay an annual fee to the Insurance
9 Commissioner of Five Hundred Dollars (\$500.00).

10 SECTION 45. AMENDATORY 74 O.S. 2001, Section 1306.3, is
11 amended to read as follows:

12 Section 1306.3 A. The Joint Liaison Committee on ~~State and~~
13 ~~Education Employees Group Insurance Benefits~~ Oklahoma Health and
14 Wellness shall create the Payment Rate Review Task Force, which
15 shall review all payments made to providers of medical care by the
16 Oklahoma ~~State and Education Employees Group Insurance~~ Health and
17 Wellness Board. The Task Force shall be composed of independent
18 experts appointed by the Joint Liaison Committee on ~~State and~~
19 ~~Education Employees Group Insurance Benefits~~ Oklahoma Health and
20 Wellness. The Task Force shall annually review applicable changes
21 in payment rates which will affect hospital inpatient and outpatient
22 payment methodologies.

23 B. The Task Force shall study and make recommendations, as part
24 of its annual report, regarding new institutional reimbursement

1 policy and changes in each existing reimbursement policy by the
2 ~~Oklahoma State and Education Employees Group Insurance~~ Health and
3 Wellness Board under which payments to an institution are made.

4 C. No later than ~~January 1 of each year~~ December 31, 2011, the
5 Task Force shall submit a final report to the Joint Liaison
6 Committee on ~~State and Education Employees Group Insurance Benefits~~
7 Oklahoma Health and Wellness containing an examination of issues
8 affecting health care delivery to state and education employees in
9 Oklahoma, including issues related to:

10 1. Trends in health care costs;

11 2. The financial condition of hospitals and the effect of the
12 payments made to hospitals under this act on such condition;

13 3. Trends in the use of health care services under the Oklahoma
14 ~~State and Education Employees Group Insurance~~ Health and Wellness
15 Board health plans; and

16 4. New methods used by employers, insurers, and others to
17 address the use of health care services.

18 The Task Force shall make, as part of its annual report,
19 recommendations to the Joint Liaison Committee on ~~State and~~
20 ~~Education Employees Group Insurance Benefits~~ Oklahoma Health and
21 Wellness concerning appropriate changes in reimbursement rates which
22 should be used for inpatient and outpatient hospital services.

23 D. The Task Force shall consist of nine (9) members. The
24 membership of the Task Force shall include individuals with

1 recognized expertise in health economics, health facility
2 management, reimbursement of health facilities or other providers of
3 services which reflect the scope of the Task Force's
4 responsibilities, a balance of urban and rural representatives,
5 including hospital administrators, physicians, and registered
6 nurses, employers, third-party payors, individuals skilled in the
7 conduct and interpretation of biomedical, health services, and
8 health economics research, and individuals having expertise in the
9 research and development of technological and scientific advances in
10 health care.

11 E. In order to identify medically appropriate patterns of
12 health resources, the Task Force shall collect and assess
13 information on medical and surgical procedures and services,
14 including information on variations of medical practice and lengths
15 of hospitalization and on other patient care data, giving special
16 attention to treatment patterns for conditions which appear to
17 involve excessively costly or inappropriate services not adding to
18 the quality of care provided. The Task Force shall give special
19 attention to the needs of updating existing diagnosis-related groups
20 and establishing new diagnosis-related groups, to reflect
21 appropriate differences in resource consumption in delivering safe,
22 efficacious and cost-effective care.

23 F. In order to conduct its duties, the Task Force shall have
24 unrestricted access to all payment rate information of the ~~Oklahoma~~

1 ~~State and Education Employees Group Insurance~~ divisions of the
2 Oklahoma Health and Wellness Board immediately upon request.

3 G. The Payment Rate Review Tack Force shall cease to have the
4 force and effect of law on January 1, 2012.

5 SECTION 46. AMENDATORY Section 1, Chapter 198, O.S.L.
6 2002 (74 O.S. Supp. 2010, Section 1306.5), is amended to read as
7 follows:

8 Section 1306.5 A network provider facility or physician
9 contract, or any part or section of it, may be amended at any time
10 during the term of the contract only by mutual written consent of
11 duly authorized representatives of the ~~State and Education Employees~~
12 ~~Group Insurance~~ Oklahoma Health and Wellness Board and the facility
13 or physician.

14 SECTION 47. AMENDATORY Section 6, Chapter 319, O.S.L.
15 2003 (74 O.S. Supp. 2010, Section 1306.6), is amended to read as
16 follows:

17 Section 1306.6 The ~~State and Education Employees Group~~
18 ~~Insurance~~ Oklahoma Health and Wellness Board, in accordance with
19 administering the Medical Expense Liability Revolving Fund pursuant
20 to Section 4 746.1 of this act Title 19 of the Oklahoma Statutes,
21 shall employ, appoint, or otherwise designate the necessary
22 personnel to carry out the duties of the fund.

23 SECTION 48. AMENDATORY 74 O.S. 2001, Section 1307, is
24 amended to read as follows:

1 Section 1307. A. The specifications drawn by the ~~Board~~
2 HealthChoice Health Insurance Division for the ~~Health Insurance Plan~~
3 health insurance plan shall provide for comprehensive hospital
4 medical and surgical benefits. The ~~Health Insurance Plan~~ health
5 insurance plan may limit coverage for a particular illness, disease,
6 injury or condition; but, except for such limits, shall not exclude
7 or limit particular services or procedures that can be provided for
8 the diagnosis and treatment of an illness, disease, injury or
9 condition, so long as the services and procedures provided are of
10 sound efficacy, are medically necessary, and fall within the
11 licensed scope of practice of the practitioner providing same. The
12 ~~Health Insurance Plan~~ health insurance plan may provide for the
13 application of deductibles and copayment or coinsurance provisions,
14 when equally applied to all covered charges for services and
15 procedures that can be provided by any practitioner for the
16 diagnosis and treatment of a particular illness, disease, injury or
17 condition.

18 B. The ~~Life Insurance Plan~~ life insurance plan shall include
19 Accidental Death and Dismemberment Benefits and additional optional
20 life insurance coverage.

21 SECTION 49. AMENDATORY 74 O.S. 2001, Section 1307.1, is
22 amended to read as follows:

23 Section 1307.1 No employee or dependent who participates in a
24 an HMO through the State Employees Group Insurance Act Employee

1 Benefits Division of the Oklahoma Health and Wellness Board shall be
2 denied the right of changing ~~his~~ the primary care physician of the
3 employee or dependent to any other primary care physician within the
4 HMO. The employee or dependent shall notify the HMO in writing of
5 any change in ~~his~~ the choice of primary care physician forty-five
6 (45) days in advance of such change by certified mail with return
7 receipt requested. Any such change in a primary care physician
8 shall not be subject to the approval of the HMO, the ~~State Employees~~
9 ~~Group Insurance~~ Employee Benefits Division, the Board or state
10 agency.

11 SECTION 50. AMENDATORY 74 O.S. 2001, Section 1307.2, is
12 amended to read as follows:

13 Section 1307.2 On and after November 1, 1996, the ~~State and~~
14 ~~Education Employees Group Insurance~~ health benefit plans, including
15 any HMO, offered by the Oklahoma Health and Wellness Board shall
16 include coverage for equipment, supplies and related services for
17 the treatment of Type I, Type II, and gestational diabetes as
18 provided by and pursuant to the provisions of Section ~~±~~ 6060.2 of
19 ~~this act~~ Title 36 of the Oklahoma Statutes.

20 SECTION 51. AMENDATORY 74 O.S. 2001, Section 1308, as
21 amended by Section 3, Chapter 345, O.S.L. 2004 (74 O.S. Supp. 2010,
22 Section 1308), is amended to read as follows:

23 Section 1308. ~~(1)~~ A. Any employee eligible for membership in
24 the Health Insurance Plan, Dental Insurance Plan or Life Insurance

1 Plan upon its effective date shall be enrolled in the plan unless he
2 or she elects not to be enrolled within thirty (30) days of such
3 effective dates. The employee shall be advised of Health
4 Maintenance Organization prepaid plans available as an alternative
5 to the state self-insured Health Insurance Plan. The Board shall
6 establish the procedure by which eligible employees not electing to
7 be enrolled initially in the Health Insurance Plan, Dental Insurance
8 Plan or Life Insurance Plan may be subsequently enrolled.

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

13 C. For eligible state employees hired on or after November 1,
14 2011, any benefit allowance amount in excess of the combined cost of
15 all benefits shall be deposited into a health savings account, a
16 flexible spending account, or an account authorized pursuant to
17 Section 1705 or 1707 of this title, and may be used for purposes
18 authorized by federal and state law.

19 SECTION 52. AMENDATORY 74 O.S. 2001, Section 1308.1, as
20 amended by Section 1, Chapter 41, O.S.L. 2004 (74 O.S. Supp. 2010,
21 Section 1308.1), is amended to read as follows:

22 Section 1308.1 ~~(1)~~ A. An educational entity may extend the
23 benefits of the health insurance plan, the dental insurance plan,
24 and the life insurance plan to education employees employed by said

1 entity. The benefits of said plans for an education employee shall
2 be the same and shall include the same plan options as would be made
3 available to a state employee participating in the plan that resided
4 at the same location. Notwithstanding the provisions of Section
5 1308.2 of this title, a period shall exist for enrolling education
6 entities from April 1, 1989 through October 1, 1991, whereby
7 education employees of a participating education entity may be
8 enrolled, pursuant to this act, during the entities' initial
9 enrollment period, regardless of preexisting conditions. The
10 Oklahoma Health and Wellness Board shall adopt rules and regulations
11 for enrollment by which education entities may apply to participate
12 in said insurance plans. Once an education entity becomes a
13 participant in the health and dental insurance plans offered through
14 the ~~State and Education Employees Group Insurance~~ Oklahoma Health
15 and Wellness Act, the education entity may withdraw from said
16 participation, in a manner prescribed by the Board. If a school
17 district is participating in the health and dental insurance plans
18 pursuant to the ~~State and Education Employees Group Insurance~~
19 Oklahoma Health and Wellness Act, ~~Section 1301 et seq. of this~~
20 ~~title,~~ the employees of the school district who are eligible to
21 participate in the health and dental plans, at such time as the
22 school district may withdraw from such participation, may require
23 the board of education of the school district to call an election to
24 allow said employees to vote as to whether the school district shall

1 continue participation in the health and dental insurance plans
2 offered through the ~~State and Education Employees Group Insurance~~
3 Oklahoma Health and Wellness Act. Upon the filing with the board of
4 education of a petition calling for such an election which is signed
5 by no less than thirty percent (30%) of the eligible employees of
6 the school district, the board of education shall call an election
7 for the purpose of determining whether the school district shall
8 continue participation in the health and dental insurance plans
9 offered through the ~~State and Education Employees Group Insurance~~
10 Oklahoma Health and Wellness Act. The election shall be held within
11 thirty (30) days of the filing of the petition. If a majority of
12 those eligible employees voting at the election vote to continue
13 participation in the health and dental insurance plans offered
14 through the ~~State and Education Employees Group Insurance~~ Oklahoma
15 Health and Wellness Act, the board of education shall be prohibited
16 from withdrawing the school district from such participation. If a
17 majority of those eligible employees voting at the election vote
18 against continued participation in the health and dental insurance
19 plans offered through the ~~State and Education Employees Group~~
20 ~~Insurance~~ Oklahoma Health and Wellness Act, the board of education
21 of the school district shall apply to discontinue such participation
22 within thirty (30) days of the election and within the times the
23 school district is authorized to withdraw from participation in
24 accordance with rules established for withdrawal by the ~~State and~~

1 ~~Education Employees Group Insurance~~ Oklahoma Health and Wellness
2 Board.

3 ~~(2)~~ B. Except as otherwise provided in this subsection, when an
4 education entity participates in the health and dental insurance
5 plans offered through the ~~State and Education Employees Group~~
6 ~~Insurance~~ Oklahoma Health and Wellness Act, all employees shall be
7 advised of Health Maintenance Organizations prepaid plans available
8 as an alternative to the state self-insured health insurance plan.
9 Eligible part-time education employees, at the option of the
10 employee, may enroll in the plans either at the time the education
11 entity begins participation in the plans or, if later, upon a
12 showing of insurability to the satisfaction of the Board.

13 ~~(3)~~ C. Any employee of an education entity participating in the
14 health and dental insurance plans offered through the ~~State and~~
15 ~~Education Employees Group Insurance~~ Oklahoma Health and Wellness Act
16 who is employed after the education entity began said participation
17 may be enrolled in the health and dental insurance plans or HMO
18 plans approved by the Board on the first day of the second month of
19 employment.

20 ~~(4)~~ D. Upon initial enrollment of an institution of higher
21 education to participate in the health and dental insurance plans
22 offered through the ~~State and Education Employees Group Insurance~~
23 Oklahoma Health and Wellness Act, all individuals presently insured
24 by said institution's present group health insurance plan shall

1 become enrolled in said state plans for the remaining period of said
2 institution's contractual liabilities.

3 ~~(5)~~ E. Education employees who shall be absent from the
4 teaching service because of election or appointment as a local,
5 state, or national education association officer shall be allowed to
6 retain coverage pursuant to the ~~State and Education Employees Group~~
7 ~~Insurance~~ Oklahoma Health and Wellness Act upon the payment of the
8 full cost of the coverage at the rate and under such terms and
9 conditions established by the Board.

10 ~~(6)~~ F. Except as otherwise provided by law, an educational
11 entity may cease to participate in the ~~State and Education Employees~~
12 ~~Group Insurance~~ Oklahoma Health and Wellness Act but provide health
13 insurance coverage through another insurance carrier. The
14 subsequent carrier shall provide coverage to the employees of the
15 educational entity who terminated employment with a retirement
16 benefit, with a vested benefit, or who have ten (10) or more years
17 of service with a participating educational entity but did not have
18 a vested benefit through the retirement system of the educational
19 entity, if the election to retain health insurance coverage was made
20 within thirty (30) days of termination of employment. Coverage
21 shall also be provided to the eligible dependents of the employees
22 if an election to retain coverage is made within thirty (30) days of
23 termination of employment.

24

1 SECTION 53. AMENDATORY 74 O.S. 2001, Section 1308.2, is
2 amended to read as follows:

3 Section 1308.2 Any person eligible to begin coverage in the
4 health insurance plan pursuant to the ~~State and Education Employees~~
5 ~~Group Insurance~~ Oklahoma Health and Wellness Act shall not be
6 subject to a preexisting condition exclusion if the person was
7 continuously covered under a previous group health insurance plan,
8 was eligible to use military medical facilities, or was eligible to
9 use Indian health services medical facilities.

10 SECTION 54. AMENDATORY Section 4, Chapter 231, O.S.L.
11 2006, as amended by Section 14, Chapter 415, O.S.L. 2008 (74 O.S.
12 Supp. 2010, Section 1309.1), is amended to read as follows:

13 Section 1309.1 Any dependent shall be allowed to remain covered
14 as a dependent under the ~~State and Education Employees Group~~
15 ~~Insurance~~ Oklahoma Health and Wellness Act up to the age of twenty-
16 five (25) years.

17 SECTION 55. AMENDATORY 74 O.S. 2001, Section 1310, is
18 amended to read as follows:

19 Section 1310. A. Except as provided in subsection B of this
20 section, each state agency participating in the ~~Group Insurance~~
21 ~~Plans~~ group insurance plans shall appropriate and pay to the
22 appropriate reserve fund an amount to be set by the ~~State and~~
23 ~~Education Employees Group Insurance~~ Oklahoma Health and Wellness
24 Board for each employee other than education employees per month

1 enrolled in said ~~Plans~~ plans, from funds appropriated to said agency
2 or from other funds available to such agency for operational
3 purposes.

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

13 SECTION 56. AMENDATORY 74 O.S. 2001, Section 1310.1, as
14 last amended by Section 1, Chapter 373, O.S.L. 2004 (74 O.S. Supp.
15 2010, Section 1310.1), is amended to read as follows:

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

24

1 ~~and Education Employees Group Insurance Board~~ HealthChoice Health
2 Insurance Division.

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

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

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

16 SECTION 57. AMENDATORY Section 3, Chapter 418, O.S.L.
17 2002 (74 O.S. Supp. 2010, Section 1310.2), is amended to read as
18 follows:

19 Section 1310.2 A school district shall pay fifty percent (50%)
20 of the cost of the individual health care premium amount for school
21 district employees who are not otherwise covered pursuant to Section
22 1310.1 of ~~Title 74 of the Oklahoma Statutes~~ this title or Section
23 26-105 of Title 70 of the Oklahoma Statutes, if such employee elects
24 health care coverage under a plan offered by a school district,

1 including a plan offered by the ~~State and Education Employees Group~~
2 ~~Insurance~~ Oklahoma Health and Wellness Board or a self-insured plan
3 offered by the school district.

4 SECTION 58. AMENDATORY 74 O.S. 2001, Section 1311, is
5 amended to read as follows:

6 Section 1311. The amount of monthly contribution to be made by
7 employees enrolled in the ~~Group Insurance Plans~~ group insurance
8 plans shall be deducted from the monthly salaries of such employees
9 and remitted to the Oklahoma Health and Wellness Board. The
10 procedure for such deductions and remittances shall be established
11 by the Board.

12 SECTION 59. AMENDATORY 74 O.S. 2001, Section 1311.1, is
13 amended to read as follows:

14 Section 1311.1 The amount of monthly contribution to be made by
15 persons who are drawing disability benefits under ~~Section 1331 et~~
16 ~~seq. of Title 74 of the Oklahoma Statutes~~ the State Employees
17 Disability Program Act and who are enrolled in the ~~Group Insurance~~
18 ~~Plans~~ group insurance plans shall be deducted from the monthly
19 disability benefits of such persons and remitted to the Oklahoma
20 Health and Wellness Board. The procedures for such deductions and
21 remittances shall be established by the Board.

22 SECTION 60. AMENDATORY 74 O.S. 2001, Section 1312, is
23 amended to read as follows:

24

1 Section 1312. ~~(1)~~ A. Except as otherwise provided by law, all
2 employee and employer contributions, appropriations and dividend
3 payments related to the health and dental plans administered by the
4 ~~State and Education Employees Group Insurance Board~~ HealthChoice
5 Health Insurance Division shall be deposited in a fund in the State
6 Treasury which is hereby created and which shall be known as the
7 Health and Dental Insurance Reserve Fund. The money in such fund
8 shall be invested by the Oklahoma Health and Wellness Board in the
9 manner specified in Section 1305.1 of this title. Investment income
10 of the fund shall be added to the fund. Money payable to the claims
11 administrator and all expenses in connection with the plans shall be
12 paid from the fund. The Board shall have responsibility for
13 management of the fund.

14 ~~(2)~~ B. All monies in the Health and Dental Insurance Reserve
15 Fund that are reserves for the life insurance plan administered by
16 the ~~State and Education Employees Group Insurance Board~~ HealthChoice
17 Health Insurance Division shall be transferred to the Life Insurance
18 Reserve Fund on July 1, 1989.

19 SECTION 61. AMENDATORY 74 O.S. 2001, Section 1312.1, is
20 amended to read as follows:

21 Section 1312.1 There is hereby created in the State Treasury a
22 Revolving Fund for the ~~State and Education Employees Group Insurance~~
23 ~~Plan~~ Oklahoma Health and Wellness Insurance Plans. The revolving
24 fund shall consist of funds transferred from the Health and Dental

1 Insurance Reserve Fund and the Life Insurance Reserve Fund for
2 operational expenses of the State Health and Life Insurance Plan and
3 monies assessed from or collected for and due a Health Maintenance
4 Organization (HMO) as approved by the Oklahoma Health and Wellness
5 Board. Expenditures from ~~said~~ the funds shall be made pursuant to
6 the laws of the state and statutes relating to the Plan. This
7 revolving fund shall be a continuing fund, not subject to fiscal
8 year limitations, and shall be under the control and management of
9 the ~~State and Education Employees Group Insurance~~ Board.

10 SECTION 62. AMENDATORY 74 O.S. 2001, Section 1312.2, is
11 amended to read as follows:

12 Section 1312.2 ~~(1)~~ A. There is hereby created in the State
13 Treasury, the Life Insurance Reserve Fund. Except as otherwise
14 provided by law, all contributions, appropriations, transfers,
15 dividend payments, and investment income of the reserve fund
16 received from or for the benefit of the life insurance plan
17 administered by the ~~State and Education Employees Group Insurance~~
18 ~~Board~~ HealthChoice Health Insurance Division shall be deposited in
19 the reserve fund.

20 The monies in ~~said~~ the reserve fund shall be invested by the
21 Oklahoma Health and Wellness Board in the manner specified in
22 Section 1305.1 of this title. The Board shall have responsibility
23 for management of the reserve fund.

24

1 Money payable to the claims administrator and all expenses in
2 connection with the life insurance plan shall be paid from the
3 reserve fund.

4 ~~(2)~~ B. All monies in the Life Insurance Reserve Fund that are
5 reserves for the health and dental plans administered by the ~~State~~
6 ~~and Education Employees Group Insurance Board~~ HealthChoice Health
7 Insurance Division shall be transferred to the Health and Dental
8 Insurance Reserve Fund on July 1, 1989.

9 SECTION 63. AMENDATORY 74 O.S. 2001, Section 1312.3, is
10 amended to read as follows:

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

15 1. The first Thirty-one Million Five Hundred Thousand Dollars
16 (\$31,500,000.00) received after ~~the effective date of this act~~
17 September 1, 1996, during the fiscal year beginning July 1, 1996,
18 shall be distributed to the Oklahoma State Regents for Higher
19 Education; and

20 2. The balance thereof shall be distributed to and deposited in
21 the appropriate reserve fund as directed by the ~~State and Education~~
22 ~~Employees Group Insurance~~ Oklahoma Health and Wellness Board.

23 SECTION 64. AMENDATORY 74 O.S. 2001, Section 1314, is
24 amended to read as follows:

1 Section 1314. Except as provided in Section 483 of Title 40 of
2 the Oklahoma Statutes, the provisions of the ~~State and Education~~
3 ~~Employees Group Insurance~~ Oklahoma Health and Wellness Act, ~~Section~~
4 ~~1301 et seq. of this title~~, shall not apply to the employees and
5 officers of The Oklahoma State System of Higher Education nor to the
6 Commissioners of the State Department of Transportation nor to any
7 member of an administrative board or commission of any agency,
8 board, authority or commission of the State of Oklahoma unless such
9 member is a full-time salaried employee; provided, however, that any
10 state system or institution of higher education may elect to come
11 under the provisions of ~~said act~~ the Oklahoma Health and Wellness
12 Act.

13 SECTION 65. AMENDATORY 74 O.S. 2001, Section 1314.2, is
14 amended to read as follows:

15 Section 1314.2 As used in this section and Sections ~~4~~ 1314.3
16 through ~~5~~ 1314.5 of this ~~act~~ title:

17 ~~(a)~~ 1. "Agency Plan" means the health insurance program offered
18 by the Oklahoma Employment Security Commission to its employees as
19 of ~~the effective date of this act~~ May 30, 1990. The Agency Plan
20 presently conforms to the Federal Plan;

21 ~~(b)~~ 2. "State Plan" means the health insurance program provided
22 for state employees pursuant to the ~~State and Education Employees~~
23 ~~Group Insurance~~ Oklahoma Health and Wellness Act;

24

1 ~~(e)~~ 3. "Federal Plan" means the health insurance program
2 provided for federal employees upon which the Agency Plan is based,
3 and is more specifically defined in 5 CFR Ch.1, PART 890--FEDERAL
4 EMPLOYEES HEALTH BENEFITS PROGRAM, as may be amended from time to
5 time, and represents the standard against which the State Plan is to
6 be measured to determine material differences for purposes of
7 securing the supplemental health insurance for which provision is
8 made in this act; and

9 ~~(d)~~ 4. "Commission" means the Oklahoma Employment Security
10 Commission.

11 SECTION 66. AMENDATORY 74 O.S. 2001, Section 1314.3, as
12 amended by Section 1, Chapter 278, O.S.L. 2004 (74 O.S. Supp. 2010,
13 Section 1314.3), is amended to read as follows:

14 Section 1314.3 ~~(1)~~ A. All otherwise eligible employees hired
15 by the Oklahoma Employment Security Commission after ~~the effective~~
16 ~~date of this act~~ May 30, 1990, shall participate in the State Plan
17 and shall not be entitled to the supplemental health insurance for
18 which provision is made in this act nor to any other Commission
19 benefit plan not generally available to state employees, and no
20 other provisions of this act shall apply to such future hirees.

21 ~~(2)~~ B. All otherwise eligible Commission employees not
22 participating in the Agency Plan as of ~~the effective date of this~~
23 ~~act~~ May 30, 1990, shall be enrolled in the State Plan on July 1,
24 1990. Said nonparticipating Commission employees shall not be

1 entitled to the supplemental health insurance for which provision is
2 made in this act.

3 ~~(3)~~ C. All Commission employees, retirees and dependents
4 participating in the Agency Plan as of ~~the effective date of this~~
5 ~~act~~ May 30, 1990, shall be permitted to transfer to the State Plan
6 and receive the supplemental insurance benefits for which provision
7 is made in Section 1314.4 of this title at such time as the
8 supplemental insurance is available. If not sooner transferred, all
9 Agency Plan participants shall be transferred to the State Plan on
10 January 1, 1991. Such mandatory transfer shall occur simultaneously
11 with any cancellation by the insurance provider of the Agency Plan,
12 occurring prior to January 1, 1991.

13 ~~(4)~~ D. All Commission employees, retirees and dependents
14 enrolling in or transferring to the State Plan under the provisions
15 of this section shall be given the opportunity to participate in all
16 options under the State Plan at the time of their enrollment or
17 transfer.

18 ~~(5)~~ E. For active employees of the Commission, the Commission
19 shall pay the same monthly premium toward employee-only coverage as
20 that set by the ~~State and Education Employees Group Insurance~~
21 Oklahoma Health and Wellness Board or by the HealthChoice Health
22 Insurance Division or Employee Benefits Division, if applicable, and
23 paid by the other state agencies participating in the state health
24 insurance program. For retirees of the Commission who retired

1 pursuant to the provisions of the Oklahoma Public Employees
2 Retirement System, the Oklahoma Public Employees Retirement System
3 shall pay the same monthly contribution towards premiums for regular
4 or Medicare supplement health insurance coverage for those retirees
5 as the amount paid towards the premiums for the Oklahoma Public
6 Employees Retirement System retirees from other agencies. For
7 retirees of the Commission who retired under the provisions of
8 another retirement plan, the Commission shall pay the same monthly
9 contribution towards premiums for regular or Medicare supplement
10 health insurance coverage for those retirees as the amount paid
11 towards premiums by the Oklahoma Public Employees Retirement System
12 for retirees of other state agencies.

13 ~~(6)~~ F. Except as provided in this subsection, employees and
14 retirees of the Commission, and their dependents, shall be covered
15 under the dental and life insurance plans provided by the ~~State and~~
16 ~~Education Employees Group Insurance Board~~ HealthChoice Health
17 Insurance Division pursuant to the same provisions and premiums as
18 apply to the employees and retirees of other state agencies.

19 Employees and retirees may elect to keep their present agency
20 offered life insurance, in addition to the state life insurance.
21 Any employee who elects to keep their agency offered life insurance
22 shall pay the premium for the life insurance provided pursuant to
23 the ~~State and Education Employees Group Insurance~~ Oklahoma Health
24 and Wellness Act. Any Commission retiree who elects to participate

1 in the life insurance program provided pursuant to the ~~State and~~
2 ~~Education Employees Group Insurance~~ Oklahoma Health and Wellness Act
3 shall pay the premium for such coverage.

4 ~~(7)~~ G. In the event that the agency offered life insurance plan
5 is canceled by the insurer offering it, the Commission shall
6 contract with the ~~State and Education Employees Group Insurance~~
7 ~~Board~~ HealthChoice Health Insurance Division for replacement
8 coverage equal to that lost by said cancellation. ~~Said Board~~ The
9 HealthChoice Health Insurance Division is expressly authorized and
10 directed to enter into such a contract. The Commission and the
11 participants shall pay the full actuarial costs and all reasonable
12 administrative costs for such coverage. Said actuarial and
13 administrative costs shall be divided between the Commission and the
14 participants in the same ratio as premiums are now divided for the
15 agency offered life insurance. The ~~Board~~ HealthChoice Health
16 Insurance Division shall maintain separate reserves for said
17 coverage. On January 1, 2005, the Commission shall convert the
18 agency offered life insurance to the life insurance plans provided
19 by the ~~State and Education Employees Group Insurance Board~~
20 HealthChoice Health Insurance Division pursuant to the same
21 provisions and premiums as apply to the employees and retirees of
22 other state agencies. The Commission may offer eligible employees
23 an 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 67. AMENDATORY 74 O.S. 2001, Section 1314.5, as
4 amended by Section 3, Chapter 278, O.S.L. 2004 (74 O.S. Supp. 2010,
5 Section 1314.5), is amended to read as follows:

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

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

1 insurance shall be included in the plan, regardless of whether or
2 not the dependents were previously included in the plan, and this
3 subsection will prevail over the provisions of Section 1314.3 of
4 this title. The Commission shall pay the full actuarial cost to be
5 determined by the ~~State and Education Employees Group Insurance~~
6 Board and all reasonable administrative costs for such coverage, if
7 provided by or through the Board. The Board may consider the
8 utilization experience of the group participating in the benefit
9 when calculating the rate for providing the benefit. The Board
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 68. AMENDATORY 74 O.S. 2001, Section 1315, as
17 last amended by Section 4, Chapter 345, O.S.L. 2004 (74 O.S. Supp.
18 2010, Section 1315), is amended to read as follows:

19 Section 1315. A. Upon application in writing and subject to
20 any underwriting criteria that may be established by the ~~State and~~
21 ~~Education Employees Group Insurance~~ Oklahoma Health and Wellness
22 Board, the Board may extend the benefits of the ~~State and Education~~
23 ~~Employees Group~~ Oklahoma Health and Wellness benefit plans and ~~Life~~
24 ~~Insurance Plans~~ life insurance plans to employees who are employed

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

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

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

12 2. Any of the following groups:

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

24

- 1 h. voluntary organization of Oklahoma local government
2 jurisdictions listed in Section 2003 of Title 62 of
3 the Oklahoma Statutes including any council created by
4 the voluntary organizations,
- 5 i. voluntary association designated to administer the
6 County Government Council as authorized in Section 7
7 of Title 19 of the Oklahoma Statutes,
- 8 j. statewide nonprofit entities representing employees of
9 the state or employees of local political subdivisions
10 who are eligible for insurance benefits authorized by
11 the provisions of the ~~State and Education Employees~~
12 ~~Group Insurance~~ Oklahoma Health and Wellness Act, or
- 13 k. statewide nonprofit entities receiving state funds to
14 provide no cost legal services to low income and
15 senior citizens.

16 B. Applications to participate in the ~~State and Education~~
17 ~~Employees Group~~ Oklahoma Health and Wellness benefit plans and ~~Life~~
18 ~~Insurance Plans~~ life insurance plans shall be approved by majority
19 action of the governing body of the groups listed in subsection A of
20 this section.

21 C. Groups listed in subsection A of this section participating
22 in the Oklahoma ~~State and Education Employees Group~~ Health and
23 Wellness health benefit plans and ~~Life Insurance Plans~~ life
24 insurance plans shall pay all costs attributable to their

1 participation. The benefits of said plans for a participant
2 provided coverage pursuant to this section shall be the same and
3 shall include the same plan options as would be made available to a
4 state employee participating in the plan that resided at the same
5 location. The premium for participating groups listed in subsection
6 A of this section shall be the same as paid by state and education
7 employees.

8 D. Participating groups listed in subsection A of this section
9 shall not be required to offer dental insurance as defined in
10 paragraph ~~(11)~~ of Section 1303 of this title, or other insurance as
11 defined in paragraph ~~(12)~~ of Section 1303 of this title. However,
12 if dental insurance or any other insurance is offered, it must be
13 provided to all eligible employees. If an employee retires and
14 begins to receive benefits from the Oklahoma Public Employees
15 Retirement System or terminates service and has a vested benefit
16 with the Oklahoma Public Employees Retirement System, the employee
17 may elect, in the manner provided in Section 1316.2 of this title,
18 to participate in the dental insurance plan offered through the
19 ~~State and Education Employees Group Insurance~~ Oklahoma Health and
20 Wellness Act within thirty (30) days from the date of termination of
21 employment. The employee shall pay the full cost of the dental
22 insurance.

23 E. 1. Any employee of a group listed in subsection A of this
24 section who retires or who has a vested benefit pursuant to the

1 Oklahoma Public Employees Retirement System may begin the health
2 insurance coverage if the employer of the employee is not a
3 participant of the ~~State and Education Employees Group Insurance~~
4 Oklahoma Health and Wellness Act and does not offer health insurance
5 to its employees. Such election by the employee to begin coverage
6 shall be made within thirty (30) days from the date of termination
7 of service.

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

16 F. Any county, city, town, county hospital, public trust,
17 conservation district, or rural water, sewer, gas or solid waste
18 management district, or nonprofit water corporation, any of which of
19 the aforementioned groups is not a participating employer in the
20 Oklahoma Public Employees Retirement System, but which has employees
21 who are participating in the health, dental or life insurance plans
22 offered by or through the ~~State and Education Employees Group~~
23 ~~Insurance~~ Oklahoma Health and Wellness Act on July 1, 1997, may
24 continue to allow its current and future employees to participate in

1 such health, dental or life insurance plans. Participation of such
2 employees may also continue following termination of employment if
3 the employee has completed at least eight (8) years of service with
4 a participating employer and such an election to continue in force
5 is made within thirty (30) days following termination of employment.
6 Any retiree or terminated employee electing coverage pursuant to
7 this section shall pay the full cost of the insurance.

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

15 H. Notwithstanding other provisions in this section, an
16 employer listed in subsection A of this section may cease to
17 participate in the ~~State and Education Employees Group Insurance~~
18 Oklahoma Health and Wellness Act but provide health insurance
19 coverage for its current and former employees through another
20 insurance carrier. The subsequent carrier shall be responsible for
21 providing coverage to the entity's employees who terminated
22 employment with a retirement benefit, with a vested benefit, or who
23 have eight (8) or more years of service with a participating
24 employer but did not have a vested benefit through the Oklahoma

1 Public Employees Retirement System, if the election to retain health
2 insurance coverage was made within thirty (30) days of termination
3 of employment. Coverage shall also be provided to the eligible
4 dependents of the employees if an election to retain coverage is
5 made within thirty (30) days of termination of employment.
6 Employees who terminate employment from an employer covered by this
7 paragraph before December 31, 2001, and elect coverage under the
8 ~~State and Education Employees Group Insurance~~ Oklahoma Health and
9 Wellness Act, shall not be required to change insurance carriers in
10 the event that the employer changes its insurance carrier to a
11 subsequent carrier. The provisions of this subsection shall become
12 effective January 1, 2002.

13 I. Employers pursuant to subsection A of this section who
14 participate in the Oklahoma Public Employees Retirement System and
15 who offer health insurance coverage to their active employees, shall
16 offer health insurance coverage to those employees who retire from
17 the employer and also to those employees who terminate employment
18 and are eligible to elect a vested benefit in the System. Such
19 employers shall begin offering coverage to such employees on or
20 before January 1, 2004. Such employees who wish to continue
21 coverage shall make an election to retain health insurance coverage
22 within thirty (30) days of termination of employment. However,
23 former employees of such employers who have already retired or who
24 have terminated and are eligible to elect a vested benefit under the

1 Oklahoma Public Employees Retirement System, during the period
2 beginning January 1, 2002, and ending December 31, 2003, may make an
3 election to begin participation in the plans offered by the ~~State~~
4 ~~and Education Employees Group Insurance~~ Oklahoma Health and Wellness
5 Board on or before December 31, 2003, in the same manner as other
6 participating retired or vested members. The employer, assisted by
7 the Oklahoma Public Employees Retirement System shall notify by
8 October 1, 2003, all members who have either retired from the System
9 or who are eligible to elect a vested benefit in the System between
10 January 1, 2002, through December 31, 2003, and who were employed by
11 an employer listed in subsection A of this section of the member's
12 potential eligibility to participate in such plans. Each employer
13 shall notify the Oklahoma Public Employees Retirement System when an
14 employee is retiring and makes the election pursuant to this
15 subsection to continue coverage under a plan offered by such
16 employer and when an employee terminates employment and is eligible
17 to elect a vested benefit in the System and such employee elects to
18 continue coverage under a plan offered by such employer. Such
19 employer shall also notify the Oklahoma Public Employees Retirement
20 System if a retired employee or an employee who is eligible to elect
21 a vested benefit in the System terminates such continued coverage.

22 J. Any group that begins participation in the ~~State and~~
23 ~~Education Employees Group~~ Oklahoma Health and Wellness benefit plans
24 and ~~Life Insurance Plans~~ life insurance plans after the effective

1 ~~date of this act~~ July 1, 2003, and that is not composed of state or
2 education employees must have one hundred percent (100%)
3 participation in the health plan offered pursuant to the ~~State and~~
4 ~~Education Employees Group Insurance~~ Oklahoma Health and Wellness
5 Act.

6 SECTION 69. AMENDATORY Section 1, Chapter 71, O.S.L.
7 2002 (74 O.S. Supp. 2010, Section 1315.1), is amended to read as
8 follows:

9 Section 1315.1 Upon election and application by the secretary
10 of a county election board and subject to any underwriting criteria
11 that may be established by the ~~State and Education Employees Group~~
12 ~~Insurance~~ Oklahoma Health and Wellness Board, the Board shall extend
13 the benefits of the ~~State and Education Employees Group~~ Oklahoma
14 Health and Wellness health benefit plans and ~~Life Insurance Plans~~
15 life insurance plans to the secretary of each county election board,
16 if the county in which the secretary serves is not participating in
17 such plans.

18 SECTION 70. AMENDATORY 74 O.S. 2001, Section 1316.1, as
19 amended by Section 1, Chapter 127, O.S.L. 2002 (74 O.S. Supp. 2010,
20 Section 1316.1), is amended to read as follows:

21 Section 1316.1 A. Any person who retires or who has elected to
22 receive a vested benefit under the provisions of the State of
23 Oklahoma retirement systems or persons who are currently drawing
24 disability benefits under ~~Section~~ Sections 1331 ~~et seq.~~ through 1335

1 of this title or who meet each and every requirement of the State
2 Employees Disability Program or the spouse or dependent of any such
3 employee may continue in force the life insurance benefits
4 authorized by this act in a face amount of not less than one-fourth
5 (1/4) of the basic life insurance amount, if such election to
6 continue in force is made within thirty (30) days from the time of
7 severance. Persons electing to continue in force life insurance
8 benefits shall pay the full cost of the life insurance and under
9 such terms and conditions as established by the ~~Board~~ HealthChoice
10 Health Insurance Division. Further, any such retiree may continue
11 in force any additional life insurance that was purchased prior to
12 retirement at an actuarially adjusted rate and under such terms and
13 conditions as established by the ~~Board~~ Division.

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

23 B. Any retired employee who is receiving a benefit or
24 terminates employment with a vested benefit from the Teachers'

1 Retirement System of Oklahoma and who becomes enrolled in the health
2 insurance plan offered by the ~~State and Education Employees Group~~
3 ~~Insurance~~ Oklahoma Health and Wellness Act, pursuant to subsection E
4 of Section 5-117.5 of Title 70 of the Oklahoma Statutes, may elect
5 to purchase life insurance benefits in amounts and at a cost as
6 provided for in this section.

7 C. In lieu of subsection A of this section, any person who
8 retires or who has elected to receive a vested benefit under the
9 provisions of the State of Oklahoma retirement systems and who is
10 participating in a health insurance plan, the dental insurance plan,
11 or the life insurance plan offered by the ~~State and Education~~
12 ~~Employees Group Insurance~~ divisions of the Oklahoma Health and
13 Wellness Board, including such persons who are currently drawing
14 disability benefits under ~~Section~~ Sections 1331 ~~et seq.~~ through 1335
15 of this title or who meet each and every requirement of the State
16 Employees Disability Program on or before July 1, 1999, or the
17 spouse of any such person may elect to purchase life insurance
18 benefits authorized by this subsection in a face amount not to
19 exceed Fifty Thousand Dollars (\$50,000.00). Eligible persons
20 pursuant to this subsection shall make an election by January 1,
21 2000, to purchase the life insurance coverage provided in this
22 subsection. Life insurance coverage pursuant to this subsection
23 shall depend upon providing satisfactory evidence of insurability
24 for the person who is to be covered. Life insurance coverage,

1 pursuant to this subsection, shall be purchased in blocks of Five
2 Thousand Dollars (\$5,000.00). The premium for such life insurance
3 coverage shall be at a blended rate and shall be set by the Board.
4 The Board shall promulgate rules necessary for the implementation of
5 the provisions of this subsection.

6 SECTION 71. AMENDATORY 74 O.S. 2001, Section 1316.2, as
7 last amended by Section 2, Chapter 198, O.S.L. 2005 (74 O.S. Supp.
8 2010, Section 1316.2), is amended to read as follows:

9 Section 1316.2 A. Any employee other than an education
10 employee who retires pursuant to the provisions of the Oklahoma
11 Public Employees Retirement System or who has a vested benefit
12 pursuant to the provisions of the Oklahoma Public Employees
13 Retirement System may continue in force the health and dental
14 insurance benefits authorized by the provisions of the ~~State and~~
15 ~~Education Employees Group Insurance~~ Oklahoma Health and Wellness
16 Act, or other employer insurance benefits if the employer does not
17 participate in the plans offered by the ~~State and Education~~
18 ~~Employees Group Insurance~~ Oklahoma Health and Wellness Board, if
19 such election to continue in force is made within thirty (30) days
20 from the date of termination of service. Except as otherwise
21 provided for in Section 840-2.27I of this title and subsection H of
22 this section, health and dental insurance coverage may not be
23 reinstated at a later time if the election to continue in force is
24 declined. Vested employees other than education employees who have

1 terminated service and are not receiving benefits and effective July
2 1, 1996, nonvested persons who have terminated service with more
3 than eight (8) years of participating service with a participating
4 employer, who within thirty (30) days from the date of termination
5 of service elect to continue such coverage, shall pay the full cost
6 of said insurance premium at the rate and pursuant to the terms and
7 conditions established by the Board. Provided also, any employee
8 other than an education employee who commences employment with a
9 participating employer on or after September 1, 1991, who terminates
10 service with such employer on or after July 1, 1996, but who
11 otherwise has insufficient years of service to retire or terminate
12 service with a vested benefit pursuant to the provisions of the
13 Oklahoma Public Employees Retirement System or to elect to continue
14 coverage as a nonvested employee as provided in this section, but
15 who, immediately prior to employment with the participating employer
16 was covered as a dependent on the health and dental insurance policy
17 of a spouse who was an active employee other than an education
18 employee, may count as part of his or her credited service for the
19 purpose of determining eligibility to elect to continue coverage
20 under this section, the time during which said terminating employee
21 was covered as such a dependent.

22 B. 1. Health insurance benefit plans offered pursuant to this
23 section shall include:

24

- 1 a. indemnity plans offered through the ~~State and~~
2 ~~Education Employees Group Insurance~~ Oklahoma Health
3 and Wellness Board,
- 4 b. managed care plans offered as alternatives to the
5 indemnity plans offered through the ~~State and~~
6 ~~Education Employees Group Insurance~~ Board,
- 7 c. Medicare supplements offered pursuant to the ~~State and~~
8 ~~Education Employees Group Insurance~~ Oklahoma Health
9 and Wellness Act,
- 10 d. Medicare risk-sharing contracts offered as
11 alternatives to the Medicare supplements offered
12 through the ~~State and Education Employees Group~~
13 ~~Insurance~~ Board. All Medicare risk-sharing contracts
14 shall be subject to a risk adjustment factor, based on
15 generally accepted actuarial principles for adverse
16 selection which may occur, and
- 17 e. for the Oklahoma Public Employee Retirement System,
18 other employer-provided health insurance benefit plans
19 if the employer does not participate in the plans
20 offered pursuant to the ~~State and Education Employees~~
21 ~~Group Insurance~~ Oklahoma Health and Wellness Act.

22 2. Health insurance benefit plans offered pursuant to this
23 section shall provide prescription drug benefits, except for plans
24 designed pursuant to the Medicare Prescription Drug Improvement and

1 Modernization Act of 2003, for which provision of prescription drug
2 benefits is optional, and except for plans offered pursuant to
3 subparagraph e of paragraph 1 of this subsection.

4 C. 1. Designated public retirement systems shall contribute a
5 monthly amount towards the health insurance premium of certain
6 individuals receiving benefits from the public retirement system as
7 follows:

8 a. a retired employee other than an education employee
9 who is receiving benefits from the Oklahoma Public
10 Employees Retirement System after September 30, 1988,
11 shall have One Hundred Five Dollars (\$105.00), or the
12 premium rate of the health insurance benefit plan,
13 whichever is less, paid by the Oklahoma Public
14 Employees Retirement System to the Board or other
15 insurance carrier of the employer if the employer does
16 not participate in the plans offered by the ~~State and~~
17 ~~Education Employees Group Insurance~~ Oklahoma Health
18 and Wellness Board in the manner specified in
19 subsection G of this section,

20 b. a retired employee or surviving spouse other than an
21 education employee who is receiving benefits from the
22 Oklahoma Law Enforcement Retirement System after
23 September 30, 1988, is under sixty-five (65) years of
24 age and is not otherwise eligible for Medicare shall

1 have the premium rate for the health insurance benefit
2 plan or One Hundred Five Dollars (\$105.00), whichever
3 is less, paid by the Oklahoma Law Enforcement
4 Retirement System to the Board in the manner specified
5 in subsection G of this section,

6 c. a retired employee other than an education employee
7 who is receiving benefits from the Oklahoma Law
8 Enforcement Retirement System after September 30,
9 1988, is sixty-five (65) years of age or older or who
10 is under sixty-five (65) years of age and is eligible
11 for Medicare shall have One Hundred Five Dollars
12 (\$105.00), or the premium rate of the health insurance
13 benefit plan, whichever is less, paid by the Oklahoma
14 Law Enforcement Retirement System to the Board in the
15 manner specified in subsection G of this section, and

16 d. a retired employee other than an education employee
17 who is receiving benefits from the Uniform Retirement
18 System for Justices and Judges after September 30,
19 1988, shall have One Hundred Five Dollars (\$105.00),
20 or the premium rate of the health insurance plan,
21 whichever is less, paid by the Uniform Retirement
22 System for Justices and Judges to the Board in the
23 manner specified in subsection G of this section.

24

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

- 3 a. the health plan shall be authorized by the provisions
4 of the ~~State and Education Employees Group Insurance~~
5 Oklahoma Health and Wellness Act, except that if an
6 employer from which an employee retired or with a
7 vested benefit pursuant to the provisions of the
8 Oklahoma Public Employees Retirement System does not
9 participate in the plans authorized by the provisions
10 of the ~~State and Education Employees Group Insurance~~
11 Oklahoma Health and Wellness Act, the health plan will
12 be the health insurance benefits of the employer from
13 which the individual retired or vested,
- 14 b. for plans offered by the ~~State and Education Employees~~
15 ~~Group Insurance~~ Oklahoma Health and Wellness Act, the
16 amount to be paid shall be determined pursuant to the
17 provisions of this subsection and shall first be
18 applied in whole or in part to the prescription drug
19 coverage premium. Any remaining amount shall be
20 applied toward the medical coverage premium,
- 21 c. for all plans, if the amount paid by the public
22 retirement system does not cover the full cost of the
23 elected coverage, the individual shall pay the
24 remaining premium amount, and

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

3 D. For any member of the Oklahoma Law Enforcement Retirement
4 System killed in the line of duty, whether the member was killed in
5 the line of duty prior to ~~the effective date of this act~~ May 18,
6 2005, or on or after ~~the effective date of this act~~ May 18, 2005, or
7 if the member was on a disability leave status at the time of death,
8 the surviving spouse or dependents of such deceased member of the
9 Oklahoma Law Enforcement Retirement System may elect to continue or
10 commence health and dental insurance benefits provided said
11 dependents pay the full cost of such insurance and for deaths
12 occurring on or after July 1, 2002, such election is made within
13 thirty (30) days of the date of death. The eligibility for said
14 benefits shall terminate for the surviving children when said
15 children cease to qualify as dependents.

16 E. Effective July 1, 2004, a retired member of the Oklahoma Law
17 Enforcement Retirement System who retired from the System by means
18 of a personal and traumatic injury of a catastrophic nature and in
19 the line of duty and any surviving spouse of such retired member and
20 any surviving spouse of a member who was killed in the line of duty
21 shall have one hundred percent (100%) of the retired member's or
22 surviving spouse's health care premium cost, whether the member or
23 surviving spouse elects coverage under the Medicare supplement or
24 Medicare risk-sharing contract, paid by the Oklahoma Law Enforcement

1 Retirement System to the Board in the manner specified in subsection
2 H of this section. For plans offered by the ~~State and Education~~
3 ~~Employees Group Insurance~~ Oklahoma Health and Wellness Board, such
4 contributions will first be applied in whole or in part to the
5 prescription drug coverage premium, if any.

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

18 G. The amounts required to be paid by the Oklahoma Public
19 Employees Retirement System, the Uniform Retirement System for
20 Justices and Judges and the Oklahoma Law Enforcement Retirement
21 System pursuant to this section shall be forwarded no later than the
22 tenth day of each month following the month for which payment is due
23 by the Oklahoma Public Employees Retirement System Board of Trustees
24 or the Oklahoma Law Enforcement Retirement Board to the ~~State and~~

1 ~~Education Employees Group Insurance~~ Oklahoma Health and Wellness
2 Board for deposit in the Health, Dental and Life Insurance Reserve
3 Fund or to another insurance carrier as provided for in subsection H
4 of Section 1315 of this title.

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

24

1 SECTION 72. AMENDATORY 74 O.S. 2001, Section 1316.3, as
2 last amended by Section 3, Chapter 198, O.S.L. 2005 (74 O.S. Supp.
3 2010, Section 1316.3), is amended to read as follows:

4 Section 1316.3 A. Any person who retires pursuant to the
5 provisions of the Teachers' Retirement System of Oklahoma with at
6 least ten (10) years of creditable service or who has a vested
7 benefit with at least ten (10) years of creditable service, pursuant
8 to the provisions of the Teachers' Retirement System of Oklahoma may
9 continue in force the health and dental insurance benefits
10 authorized by the provisions of the ~~State and Education Employees~~
11 ~~Group Insurance~~ Oklahoma Health and Wellness Act if such election to
12 continue in force or begin is made within thirty (30) days from the
13 date of termination of service. Except as provided in subsection E
14 of Sections 5-117.5 and 14-108.1 of Title 70 of the Oklahoma
15 Statutes and Section 840-2.27I of this title and subsection K of
16 this section, health and dental insurance coverage may not be
17 reinstated at a later time if the election to continue in force or
18 begin coverage is declined. Vested persons who have terminated
19 service and are not receiving benefits and effective July 1, 1996,
20 nonvested persons who have terminated service with more than ten
21 (10) years of participating service with a qualifying employer, who
22 within thirty (30) days from the date of termination of service,
23 elect to continue such coverage, shall pay the full cost of said
24

1 insurance premium at the rate and pursuant to the terms and
2 conditions established by the Board.

3 B. 1. Health insurance benefit plans offered pursuant to this
4 section shall include:

5 a. indemnity plans offered through the ~~State and~~
6 ~~Education Employees Group Insurance~~ Oklahoma Health
7 and Wellness Board,

8 b. managed care plans offered as alternatives to the
9 indemnity plans,

10 c. Medicare supplements offered through the ~~State and~~
11 ~~Education Employees Group Insurance~~ Board,

12 d. Medicare risk-sharing contracts offered as
13 alternatives to the Medicare supplements offered
14 through the ~~State and Education Employees Group~~
15 ~~Insurance~~ Board, and

16 e. any other employer-provided health insurance benefit
17 plans if the employer does not participate in the
18 plans offered pursuant to the ~~State and Education~~
19 ~~Employees Group Insurance~~ Oklahoma Health and Wellness
20 Act.

21 2. Health insurance benefit plans offered pursuant to this
22 section shall provide prescription drug benefits, except for plans
23 designed pursuant to the Medicare Prescription Drug Improvement and
24 Modernization Act of 2003, which may or may not contain prescription

1 drug benefits, for which provision of prescription drug benefits is
2 optional, and except for plans offered pursuant to subparagraph e of
3 paragraph 1 of this subsection.

4 C. A retired person who:

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

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

19 3. Is receiving benefits from the Teachers' Retirement System
20 of Oklahoma after September 30, 1988, made contributions to the
21 system and is sixty-five (65) years of age or older, or who is under
22 sixty-five (65) years of age and is eligible for Medicare and is a
23 participant in the ~~State and Education Employees Group Insurance~~
24 Oklahoma Health and Wellness Act and elects coverage under the

1 Medicare supplement offered by the ~~State and Education Employees~~
2 ~~Group Insurance Board~~; or

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

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

22 D. The Teachers' Retirement System shall pay the amount due
23 pursuant to the provisions of subsection C of this section as
24 follows:

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

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

11 E. Beginning July 1, 2000, the maximum benefit payable by the
 12 Teachers' Retirement System of Oklahoma on behalf of a retired
 13 person toward said person's monthly premium for health insurance
 14 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
Less than \$30,000.00 but			
greater than \$19,999.99	\$102.00	\$103.00	\$104.00

1	Less than \$40,000.00 but			
2	greater than \$29,999.99	\$101.00	\$102.00	\$103.00
3	\$40,000.00 or greater	\$100.00	\$101.00	\$102.00

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

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

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

1 documentation satisfactory to the Board of the termination date of
2 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~~ Oklahoma Health and Wellness Board for deposit in the
20 Education Employees Group Insurance Reserve Fund.

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

1 ~~Employees Group Insurance~~ Board to track eligibility for continued
2 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~~ Oklahoma Health and Wellness Act for
14 retired participants, including health, dental and life insurance
15 benefits, if such election to participate is made within thirty (30)
16 days from the date of termination of employment. Life insurance
17 benefits for any such person who transferred employment shall not
18 exceed the coverage the person had at the time of such transfer.
19 Retirees who are persons transferred employment and who participate
20 pursuant to this paragraph shall pay the premium for elected
21 benefits less any amounts paid by the retirement system pursuant to
22 this section.

23 SECTION 73. AMENDATORY 74 O.S. 2001, Section 1317, is
24 amended to read as follows:

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~~ health
5 benefit plans, dental insurance plan and life insurance plan
6 referred to in the ~~State and Education Employees Group Insurance~~
7 Oklahoma Health and Wellness Act. Enrollment in the ~~Plan~~ plans
8 shall be optional with each operator pursuant to the rules
9 prescribed by the ~~State and Education Employees Group Insurance~~
10 Oklahoma Health and Wellness Board. Any payments required to be
11 made for enrollees in the ~~Plan~~ plans shall be payable by the
12 operator in such manner as may be determined by the Department of
13 Rehabilitation Services; provided, that the Department may, in its
14 discretion, make all or a part of such payments.

15 SECTION 74. AMENDATORY 74 O.S. 2001, Section 1318, is
16 amended to read as follows:

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

1 upon his furnishing evidence of his insurability, satisfactory to
2 the Oklahoma Health and Wellness Board, and any greater amount of
3 benefit or insurance provided him shall be at the ex-employee's
4 cost.

5 SECTION 75. AMENDATORY 74 O.S. 2001, Section 1320, as
6 amended by Section 73, Chapter 264, O.S.L. 2006 (74 O.S. Supp. 2010,
7 Section 1320), is amended to read as follows:

8 Section 1320. A. ~~The State and Education Employees Group~~
9 ~~Insurance~~ Oklahoma Health and Wellness Board is authorized to hire
10 and appoint an administrator who shall be in the unclassified
11 service.

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

23 B. The administrator shall employ such persons as are necessary
24 to administer the provisions of the ~~State and Education Employees~~

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

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

20 SECTION 76. AMENDATORY 74 O.S. 2001, Section 1321, as
21 last amended by Section 5, Chapter 231, O.S.L. 2006 (74 O.S. Supp.
22 2010, Section 1321), is amended to read as follows:

23 Section 1321. A. The Oklahoma Health and Wellness Board shall
24 have the authority to determine all rates and life, dental and

1 health benefits. All rates shall be compiled in a comprehensive
2 Schedule of Benefits. The Schedule of Benefits shall be available
3 for inspection during regular business hours at the office of the
4 ~~State and Education Employees Group Insurance~~ Oklahoma Health and
5 Wellness Board. The Board shall have the authority to annually
6 adjust the rates and benefits based on claim experience.

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

9 1. For active employees and their dependents, the Board's
10 premium determination shall be made no later than the bid submission
11 date for the health maintenance ~~organizations~~ organization set by
12 the ~~Oklahoma State Employees Benefits Council~~ Employee Benefits
13 Division, which shall be set in August no later than the third
14 Friday of that month; and

15 2. For all other covered members and dependents, the Board's
16 and the health maintenance ~~organizations'~~ organization's premium
17 determinations shall be no later than the fourth Friday of
18 September.

19 C. The Board may approve a mid-year adjustment provided the
20 need for an adjustment is substantiated by an actuarial
21 determination or more current experience rating. The only
22 publication or notice requirements that shall apply to the Schedule
23 of Benefits shall be those requirements provided in the Oklahoma
24 Open Meeting Act. It is the intent of the Legislature that the

1 benefits provided not include cosmetic dental procedures except for
2 certain orthodontic procedures as adopted by the Board.

3 SECTION 77. AMENDATORY 74 O.S. 2001, Section 1323, as
4 amended by Section 7, Chapter 345, O.S.L. 2004 (74 O.S. Supp. 2010,
5 Section 1323), is amended to read as follows:

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

19 SECTION 78. AMENDATORY 74 O.S. 2001, Section 1324, is
20 amended to read as follows:

21 Section 1324. A. All health benefit plans that are offered by
22 the ~~State and Education Employees Group Insurance~~ Oklahoma Health
23 and Wellness Board shall provide coverage for side effects that are
24 commonly associated with radical retropubic prostatectomy surgery,

1 including, but not limited to impotence and incontinence, and for
2 other prostate related conditions.

3 B. The Board shall provide notice to each insured or enrollee
4 under such plan regarding the coverage required by this section in
5 the plan's evidence of coverage, and shall provide additional
6 written notice of the coverage to the insured or enrollee as
7 follows:

- 8 1. In the next mailing made by the plan to the employee; or
- 9 2. As part of the enrollment information packet sent to the
10 enrollee.

11 C. The Board shall promulgate any rules or actions necessary to
12 implement the provisions of this section.

13 SECTION 79. AMENDATORY 74 O.S. 2001, Section 1325, is
14 amended to read as follows:

15 Section 1325. ~~The State and Education Employees Group Insurance~~
16 Oklahoma Health and Wellness Board shall schedule a hearing thirty
17 (30) days prior to adopting any major change in the reimbursement
18 rates or methodology. The Board shall notify health care providers
19 who provide services pursuant to a contract with the Board at least
20 fifteen (15) days prior to the hearing. The notice shall include
21 proposed changes to the reimbursement rates or methodology. The
22 Board shall also inform such health care providers at the hearing of
23 any proposed changes to the reimbursement rates or methodology. At
24

1 the hearing the Board shall provide an open forum for such health
2 care providers to comment on the proposed changes.

3 SECTION 80. AMENDATORY 74 O.S. 2001, Section 1326, is
4 amended to read as follows:

5 Section 1326. The ~~State and Education Employees Group Insurance~~
6 Oklahoma Health and Wellness Board shall make available, upon
7 request, copies of relevant fee schedules to participating health
8 care providers.

9 SECTION 81. AMENDATORY 74 O.S. 2001, Section 1327, is
10 amended to read as follows:

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

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

1 condition requiring vision care or medical diagnosis and treatment
2 of the eye if:

3 1. A referral is necessitated in the judgment of the primary
4 care physician; and

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

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

16 D. No health benefit plan specified by this section shall
17 require a provider to have hospital privileges if hospital
18 privileges are not usual and customary for the services the provider
19 provides.

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

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

- 1 2. Prohibit an optometrist from agreeing to a fee schedule;
- 2 3. Limit, expand, or otherwise affect the scope of practice of
- 3 optometry; or
- 4 4. Alter, repeal, modify or affect the laws of this state
- 5 except where such laws are in conflict or are inconsistent with the
- 6 express provisions of this section.

7 F. Existing health benefit plans offered by the ~~State and~~

8 ~~Education Employees Group Insurance~~ Board shall comply with the

9 requirements of this section upon issuance or renewal on or after

10 ~~the effective date of this act~~ November 1, 2000.

11 SECTION 82. AMENDATORY 74 O.S. 2001, Section 1328, as

12 amended by Section 1, Chapter 155, O.S.L. 2002 (74 O.S. Supp. 2010,

13 Section 1328), is amended to read as follows:

14 Section 1328. A. The contracted claims administrator for the

15 ~~State and Education Employees Group Insurance~~ Oklahoma Health and

16 Wellness Board shall reimburse all clean claims of an enrollee, an

17 assignee of the enrollee, or a health care provider within forty-

18 five (45) calendar days after receipt of the claim by the entity.

19 B. As used in this section, "clean claim" means a claim that

20 has no defect or impropriety, including a lack of any required

21 substantiating documentation, or particular circumstance requiring

22 special treatment that impedes prompt payment.

23 C. 1. If a claim or any portion of a claim is determined to

24 have defects or improprieties, including a lack of any required

1 substantiating documentation, or a particular circumstance requiring
2 special treatment, the enrollee, assignee of the enrollee, or health
3 care provider shall be notified in writing within thirty (30)
4 calendar days after receipt of the claim by the contracted claims
5 administrator for the ~~State and Education Employees Group Insurance~~
6 Board. The written notice shall specify the portion of the claim
7 that is causing a delay in processing and explain any additional
8 information or corrections needed. Failure of the Board's claims
9 administrator to provide the enrollee, assignee of the enrollee, or
10 health care provider with such notice shall constitute prima facie
11 evidence that the claim will be paid in accordance with the terms of
12 the health benefit claims administration contract.

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

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

23 E. Payment shall be considered made on:
24

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

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

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

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

11 SECTION 83. AMENDATORY 74 O.S. 2001, Section 1332, is
12 amended to read as follows:

13 Section 1332. A. ~~The State and Education Employees Group~~
14 ~~Insurance~~ Oklahoma Health and Wellness Board shall establish a
15 Disability Insurance Program for state employees. The program shall
16 consist of a long-term disability plan and a short-term disability
17 plan. Participation in the program shall be limited to state
18 employees who have been state employees for a period of not less
19 than one (1) month and who are eligible for enrollment in the ~~Health~~
20 ~~Insurance Plan~~ health insurance plans administered by the Board. No
21 state employee shall be eligible to receive any benefits from the
22 long-term disability program unless the state employee has used all
23 of the sick leave of the employee. The Board shall promulgate such
24 rules as are necessary for adoption and administration of the

1 Disability Insurance Program, including but not limited to benefit
2 eligibility requirements, methods for computing benefit amounts,
3 benefits amounts, and verification of medical and health status of
4 employees applying for or receiving benefits.

5 B. The Disability Insurance Program shall be funded from
6 appropriations made by the Legislature. Employees shall not be
7 required to make contributions to participate in the program.

8 C. Employee disability insurance coverage shall begin on March
9 1, 1986.

10 D. The Board shall establish a grievance procedure by which a
11 three-member grievance panel established in the same manner as
12 specified in paragraph 6 of Section 1306 of this title shall act as
13 an appeals body for complaints regarding the allowance and payment
14 of claims, eligibility, and other matters. The grievance procedure
15 provided by this subsection shall be the exclusive remedy available
16 to persons having complaints against the insurer. Such grievance
17 procedure shall be subject to the ~~Oklahoma~~ Administrative Procedures
18 Act, including provisions for the review of agency decisions by the
19 district court. The grievance panel shall schedule a hearing
20 regarding the allowance and payment of claims, eligibility and other
21 matters within sixty (60) days from the date the grievance panel
22 receives a written request for a hearing. Upon written request to
23 the grievance panel received not less than ten (10) days before the
24 hearing date, the grievance panel shall cause a full stenographic

1 record of the proceedings to be made by a licensed or certified
2 court reporter at the insured employee's expense.

3 E. The Board may establish a claim processing division for
4 claims administration or may contract for claims administration
5 services with a private insurance carrier or a company that
6 specializes in claims administration of any insurance that the Board
7 may be directed to offer.

8 SECTION 84. AMENDATORY 74 O.S. 2001, Section 1332.1, is
9 amended to read as follows:

10 Section 1332.1 A. ~~The State and Education Employees Group~~
11 ~~Insurance~~ Oklahoma Health and Wellness Board shall collect from
12 state agencies each month, the premium amount, as determined by the
13 Board, for each employee of a state agency that participates in the
14 Disability Insurance Program. Said sum shall be deposited in the
15 State Employees Disability Insurance Reserve Fund for use in
16 accordance with law.

17 B. ~~The State and Education Employees Group Insurance~~ Board
18 shall submit a monthly statement of the revenues and disbursements
19 of the Disability Insurance Program to the Governor, the Speaker of
20 the House of Representatives, the President Pro Tempore of the
21 Senate and the Legislative Service Bureau. The Legislative Service
22 Bureau shall distribute copies of such monthly statements to the
23 fiscal staff of the House of Representatives and the State Senate.

24

1 C. On or before March 1 of each year, the ~~State and Education~~
2 ~~Employees Group Insurance~~ Board shall submit a report of the
3 actuarially-determined future needs of the Disability Insurance
4 Program. Said report shall be submitted and distributed as provided
5 for in subsection B of this section.

6 D. The Board shall provide for the continuation of dependent
7 health coverage to disability recipients for that period of time
8 when the employee is qualified as disabled but not yet received
9 disability benefit income.

10 E. The Board shall deduct all dependent health coverage
11 premiums due and owing from the first retroactive disability payment
12 and each payment thereafter.

13 SECTION 85. AMENDATORY 74 O.S. 2001, Section 1332.2, is
14 amended to read as follows:

15 Section 1332.2 A. Beginning July 1, 1990, persons who are
16 active employees of the Oklahoma Employment Security Commission may
17 elect to participate in the Disability Insurance Program. Any
18 election to participate shall be received by the ~~State and Education~~
19 ~~Employees Group Insurance~~ Oklahoma Health and Wellness Board prior
20 to January 1, 1991. Employees who do not elect to participate in
21 the disability program shall not thereafter be eligible to
22 participate in the State Disability Insurance Program unless their
23 present disability insurance coverage is canceled by the insurer
24 offering said coverage. In the event of such cancellation, all

1 participants in the agency offered disability plan shall be
2 immediately transferred to the state disability insurance plan. Any
3 person who does not qualify for the Commission disability plan prior
4 to their transfer to the State Plan shall participate in the state
5 disability insurance program.

6 B. Oklahoma Employment Security Commission employees who are or
7 become disabled pursuant to the provisions of the agency disability
8 plan shall retain their status as an employee so long as their
9 disability continues.

10 SECTION 86. AMENDATORY 74 O.S. 2001, Section 1333, is
11 amended to read as follows:

12 Section 1333. A. There is hereby created in the State Treasury
13 the State Employees Disability Insurance Reserve Fund. All
14 appropriations, dividend payments, and investment income received
15 pursuant to the provisions of the State Employees Disability
16 Insurance Act, ~~Section 1331 et seq. of this title,~~ shall be
17 deposited in the reserve fund.

18 B. The monies in ~~said~~ the reserve fund shall be invested by the
19 ~~State and Education Employees Group Insurance~~ Oklahoma Health and
20 Wellness Board in the manner specified in Section ~~6~~ 1305.1 of this
21 ~~act~~ title. The Board shall have responsibility for management of
22 the reserve fund.

23
24

1 C. Money payable to the claims administrator and all expenses
2 in connection with the Disability Insurance Program shall be paid
3 from the reserve fund.

4 SECTION 87. AMENDATORY 74 O.S. 2001, Section 1335, is
5 amended to read as follows:

6 Section 1335. A county, upon adoption of a resolution by the
7 board of county commissioners, may participate in the Disability
8 Insurance Program administered by the ~~State and Education Employees~~
9 ~~Group Insurance~~ Oklahoma Health and Wellness Board. Upon the filing
10 of a certified copy of the resolution with the Board, the county
11 shall become a participant on the first day of the second full month
12 following the filing of the resolution. All employees of any county
13 electing to participate in the Program shall have disability
14 insurance coverage. The county shall forward to the Board, at such
15 times as determined by the Board, the contributions necessary to pay
16 for the disability insurance coverage of the employees of the
17 county. The Board shall determine the amount of contribution
18 required for the disability insurance coverage.

19 SECTION 88. AMENDATORY 74 O.S. 2001, Section 1342, is
20 amended to read as follows:

21 Section 1342. As used in the State Employees Flexible Benefits
22 Act, ~~Section 1341 et seq. of this title:~~

23 1. "Board" means the ~~State and Education Employees Group~~
24 ~~Insurance~~ Oklahoma Health and Wellness Board;

1 2. "Flexible benefits plan" means a written plan providing
2 benefits to eligible employees which meets the requirements of Title
3 26, Section 125 et seq. of the Internal Revenue Code of the United
4 States and regulations promulgated thereunder;

5 3. "Employee" means any person eligible to participate in the
6 ~~State and Education Employees Group Insurance~~ Oklahoma Health and
7 Wellness Act, ~~Section 1301 et seq. of this title~~, or an employee of
8 the Oklahoma Employment Security Commission. "Employee" shall not
9 include a person who is an employee of the State Regents for Higher
10 Education or any institution under the authority of the State
11 Regents for Higher Education or any person who is an employee of any
12 school district or political subdivision of this state, except as
13 provided for in Section 1348 of this title;

14 4. "Employer" means any state agency, board, commission,
15 department, institution, authority, officer, bureau, council, office
16 or other entity created by the Oklahoma Constitution or statutes,
17 but shall not include any school district, or political subdivision
18 of the state, except as provided for in Section 1348 of this title.
19 Provided the term "employer" shall also mean the State Regents for
20 Higher Education or any institution under the authority of the State
21 Regents for Higher Education upon agreement between the State
22 Regents for Higher Education or the appropriate governing board of
23 an institution under the authority of the State Regents for Higher
24 Education and the Council; and

1 5. "Salary adjustment agreement" means a written agreement
2 between an eligible employee and an employer whereby the employer
3 agrees to adjust the salary of the employee by a stated amount or an
4 amount equal to the cost of benefits selected under a flexible
5 benefits plan and the employer agrees to contribute such amount to
6 cover certain costs of the benefits selected by the eligible
7 employee.

8 SECTION 89. AMENDATORY 74 O.S. 2001, Section 1344, as
9 last amended by Section 6, Chapter 231, O.S.L. 2006 (74 O.S. Supp.
10 2010, Section 1344), is amended to read as follows:

11 Section 1344. A. The Oklahoma Health and Wellness Board shall
12 establish a flexible benefits plan. All state employers as defined
13 in Section 1342 of this title shall offer the flexible benefits plan
14 to employees.

15 B. Expenses included in an employee's salary adjustment
16 agreement pursuant to the flexible benefits plan shall be limited to
17 expenses for:

18 1. Dependent health insurance pursuant to the provisions of
19 Section 1309 of this title;

20 2. Insurance premiums or retirement plan premiums or payments
21 which are supplemental to insurance or retirement programs offered
22 by the State of Oklahoma or which are paid for under salary
23 adjustment agreements pursuant to the provisions of paragraph 1, 3
24

1 or 4 of subsection B of Section ~~7.10~~ 34.70 of Title 62 of the
2 Oklahoma Statutes;

3 3. Dependent care;

4 4. Medical care as defined by the Board; or

5 5. All other eligible programs offered under Title 26, Section
6 125 et seq. of the Internal Revenue Code of the United States.

7 C. The amount by which an employee's salary is adjusted
8 pursuant to a salary adjustment agreement shall be excluded from
9 income in computation of income tax withholding, unemployment
10 payments and workers' compensation coverage. Such amount shall be
11 included as income in computation of state retirement contributions
12 and benefits. Provided, if the inclusions and exclusions provided
13 in this subsection conflict with the provisions of federal law or
14 regulations pertaining to flexible benefits plans, the Board is
15 authorized to modify or abolish such inclusions and exclusions.

16 D. The Administrator of the ~~State and Education Employees Group~~
17 ~~Insurance~~ Oklahoma Health and Wellness Board with approval of the
18 Board shall promulgate rules, regulations and procedures as
19 necessary for implementation and administration of the flexible
20 benefits plan.

21 E. The Administrator of the ~~State and Education Employees Group~~
22 ~~Insurance~~ Board under the direction of the Board shall contract with
23 one or more private firms or organizations to administer the
24

1 flexible benefits plan. The contract shall be made at no cost to
2 any employee of the State of Oklahoma.

3 F. All employers shall begin offering the flexible benefits
4 plan to employees not later than January 1, 1990.

5 G. No less than thirty (30) working days prior to the annual
6 deadline for making changes to state employees' benefit packages,
7 all state agencies shall provide a one-day employee benefit
8 informational meeting. Representatives of vendors that have an
9 authorized payroll deduction for state employees pursuant to Section
10 ~~7-10~~ 34.70 of Title 62 of the Oklahoma Statutes or Section 1701 of
11 this title shall be invited and encouraged to attend these meetings
12 to provide benefit information and answer questions of state
13 employees related to health, financial planning and other benefits.
14 Agencies shall provide vendors with adequate space within which to
15 meet with employees. Agencies shall provide adequate notice of the
16 meetings to active and retired employees, and shall allow each
17 active employee to spend at least sixty (60) minutes during the
18 workday to attend the meetings. For those state government
19 facilities that operate twenty-four (24) hours a day, vendors shall
20 be allowed access to each shift.

21 SECTION 90. AMENDATORY 74 O.S. 2001, Section 1346, is
22 amended to read as follows:

23 Section 1346. There is hereby created in the State Treasury a
24 revolving fund for the ~~State and Education Employees Group Insurance~~

1 Oklahoma Health and Wellness Board to be designated the "Flexible
2 Benefit Revolving Fund". The fund shall be a continuing fund, not
3 subject to fiscal year limitations, and shall consist of employee
4 payroll deductions and contributions for flexible spending accounts.
5 All monies accruing to the credit of ~~said~~ the fund are hereby
6 appropriated and may be budgeted and expended by the ~~State and~~
7 ~~Education Employees Group Insurance~~ Board for expenses of the state
8 employees flexible benefits plan and for expenses authorized by law.
9 The ~~State and Education Employees Group Insurance~~ Board is
10 authorized to pay employee claim costs associated with the state
11 employees flexible benefits plan from monies accrued for said
12 purpose. Expenditures from said funds shall be pursuant to the laws
13 of the state and statutes relating to the state employees flexible
14 benefits plan.

15 SECTION 91. AMENDATORY 74 O.S. 2001, Section 1365, as
16 last amended by Section 1, Chapter 28, O.S.L. 2009 (74 O.S. Supp.
17 2010, Section 1365), is amended to read as follows:

18 Section 1365. A. The ~~Oklahoma State Employees~~ Employee
19 Benefits Council Division shall have the following duties,
20 responsibilities and authority with respect to the administration of
21 the plan:

22 1. To construe and interpret the health maintenance
23 organization plan, and decide all questions of eligibility in
24

1 accordance with the Oklahoma ~~State Employees Benefits~~ Health and
2 Wellness Act and 26 U.S.C.A., Section 1 et seq.;

3 2. To select those benefits which shall be made available to
4 participants under the plan, according to the Oklahoma ~~State~~
5 ~~Employees Benefits~~ Health and Wellness Act, and other applicable
6 laws and rules;

7 3. To retain or employ qualified agencies, persons or entities
8 to design, develop, communicate, implement or administer the plan;

9 4. To prescribe procedures to be followed by participants in
10 making elections and filing claims under the plan;

11 5. To prepare and distribute information communicating and
12 explaining the plan to participating employers and participants.

13 The ~~State and Education Employees Group Insurance~~ Oklahoma Health
14 and Wellness Board, the Health Maintenance ~~Organizations~~
15 Organization, or other third-party insurance vendors may be directly
16 or indirectly involved in the distribution of communicated
17 information to participating state agency employers and state
18 employee participants subject to the following conditions:

19 a. the ~~Council~~ Employee Benefits Division shall verify
20 all marketing and communications information for
21 factual accuracy prior to distribution,

22 b. the ~~Board~~ HealthChoice Health Insurance Division or
23 vendors shall provide timely notice of any marketing,
24 communications, or distribution plans to the ~~Council~~

1 Employee Benefits Division and shall coordinate the
2 scheduling of any group presentations with the ~~Council~~
3 Employee Benefits Division, and

4 c. the ~~Board~~ HealthChoice Health Insurance Division or
5 vendors shall file a brief summary with the ~~Council~~
6 Employee Benefits Division outlining the results
7 following any marketing and communications activities;

8 6. To receive from participating employers and participants
9 such information as shall be necessary for the proper administration
10 of the plan, and any of the benefits offered thereunder;

11 7. To furnish the participating employers and participants such
12 annual reports with respect to the administration of the plan as are
13 reasonable and appropriate;

14 8. To keep reports of benefit elections, claims and
15 disbursements for claims under the plan;

16 9. To appoint an executive director who shall serve at the
17 pleasure of the ~~Council~~ Employee Benefits Division if the Board
18 deems that the executive director position is necessary. The
19 executive director shall employ or retain such persons in accordance
20 with the Oklahoma ~~State Employees Benefits~~ Health and Wellness Act
21 and the requirements of other applicable law, including but not
22 limited to actuaries and certified public accountants, as he or she
23 deems appropriate to perform such duties as may from time to time be
24 required under the Oklahoma ~~State Employees Benefits~~ Health and

1 Wellness Act and to render advice upon request with regard to any
2 matters arising under the plan subject to the approval of the
3 ~~Council~~ Employee Benefits Division. The executive director shall
4 have not less than seven (7) years of group insurance administration
5 experience on a senior managerial level or not less than three (3)
6 years of flexible benefits experience on a senior managerial level.
7 Any actuary or certified public accountant employed or retained
8 under contract by the ~~Council~~ Employee Benefits Division shall have
9 not less than three (3) years' experience in group insurance or
10 employee benefits administration. The compensation of all persons
11 employed or retained by the ~~Council~~ Employee Benefits Division and
12 all other expenses of the ~~Council~~ Division shall be paid at such
13 rates and in such amounts as the ~~Council~~ Division shall approve,
14 subject to the provisions of applicable law;

15 10. To negotiate for best and final offer through competitive
16 negotiation and contract with a federally qualified health
17 maintenance ~~organizations~~ organization under the provisions of 42
18 U.S.C., Section 300e et seq., or with a Health Maintenance
19 ~~Organizations~~ Organization granted a certificate of authority by the
20 Insurance Commissioner pursuant to ~~Sections 6901 through 6951 of~~
21 ~~Title 36 of the Oklahoma Statutes~~ the Health Maintenance
22 Organization Act of 2003 for consideration by participants as an
23 alternative to the health plans offered by the ~~Board~~ HealthChoice
24 Health Insurance Division, and to transfer to the health maintenance

1 ~~organizations~~ organization such funds as may be approved for a
2 participant electing health maintenance organization alternative
3 services. The ~~Council~~ Employee Benefits Division may also select
4 and contract with a vendor to offer a point-of-service plan. An HMO
5 may offer coverage through a point-of-service plan, subject to the
6 guidelines established by the ~~Council~~ Employee Benefits Division.
7 However, if the ~~Council~~ Employee Benefits Division chooses to offer
8 a point-of-service plan, then a vendor that offers both an HMO plan
9 and a point-of-service plan may choose to offer only its point-of-
10 service plan in lieu of offering its HMO plan.

11 The ~~Oklahoma State Employees~~ Employee Benefits Council Division
12 may, however, renegotiate rates with successful ~~bidders~~ bidder after
13 contracts have been awarded if there is an extraordinary
14 circumstance. An extraordinary circumstance shall be limited to
15 insolvency of a the participating health maintenance organization or
16 point-of-service plan, dissolution of a participating health
17 maintenance organization or point-of-service plan or withdrawal of
18 another participating health maintenance organization or point-of-
19 service plan at any time during the calendar year. Nothing in this
20 section of law shall be construed to permit either party to
21 unilaterally alter the terms of the contract;

22 11. To retain as confidential information the initial Request
23 For Proposal offers as well as any subsequent bid offers made by the
24

1 health plans prior to final contract awards as a part of the best
2 and final offer negotiations process for the benefit plan;

3 12. To promulgate administrative rules for the competitive
4 negotiation process;

5 13. To require vendors offering coverage through the ~~Council~~
6 Employee Benefits Division, including the ~~Board~~ HealthChoice Health
7 Insurance Division, to provide such enrollment and claims data as is
8 determined by the ~~Council~~ Employee Benefits Division. The ~~Oklahoma~~
9 ~~State Employees Benefits Council~~ Employee Benefits Division with the
10 cooperation of the Department of Central Services acting pursuant to
11 ~~Section 85.1 et seq. of this title,~~ the Oklahoma Central Purchasing
12 Act shall be authorized to retain as confidential, any proprietary
13 information submitted in response to the ~~Council's~~ Employee Benefits
14 Division's Request For Proposal. Provided, however, that any such
15 information requested by the ~~Council~~ Employee Benefits Division from
16 the vendors shall only be subject to the confidentiality provision
17 of this paragraph if it is clearly designated in the Request For
18 Proposal as being protected under this provision. All requested
19 information lacking such a designation in the Request For Proposal
20 shall be subject to ~~Section 24A.1 et seq. of Title 51 of the~~
21 ~~Oklahoma Statutes~~ the Oklahoma Open Records Act. From health
22 maintenance organizations, data provided shall include the current
23 Health Plan Employer Data and Information Set (HEDIS);

24

1 14. To purchase any insurance deemed necessary for providing
2 benefits under the plan including indemnity dental plans, provided
3 that the only indemnity health plan selected by the ~~Council~~ Employee
4 Benefits Division shall be the indemnity plan offered by the ~~Board~~
5 HealthChoice Health Insurance Division, and to transfer to the ~~Board~~
6 HealthChoice Health Insurance Division such funds as may be approved
7 for a participant electing a benefit plan offered by the ~~Board~~
8 HealthChoice Health Insurance Division. All indemnity dental plans,
9 including the one offered by the ~~Oklahoma State and Education Group~~
10 ~~Insurance Board~~ HealthChoice Health Insurance Division, must meet or
11 exceed the following requirements:

- 12 a. they shall have a statewide provider network,
- 13 b. they shall provide benefits which shall reimburse the
14 expense for the following types of dental procedures:
 - 15 (1) diagnostic,
 - 16 (2) preventative,
 - 17 (3) restorative,
 - 18 (4) endodontic,
 - 19 (5) periodontic,
 - 20 (6) prosthodontics,
 - 21 (7) oral surgery,
 - 22 (8) dental implants,
 - 23 (9) dental prosthetics, and
 - 24 (10) orthodontics, and

1 c. they shall provide an annual benefit of not less than
2 One Thousand Five Hundred Dollars (\$1,500.00) for all
3 services other than orthodontic services, and a
4 lifetime benefit of not less than One Thousand Five
5 Hundred Dollars (\$1,500.00) for orthodontic services;

6 15. To communicate deferred compensation programs as provided
7 in Section 1701 of this title;

8 16. To assess and collect reasonable fees from the ~~Board~~
9 HealthChoice Health Insurance Division, and from such contracted
10 health maintenance ~~organizations~~ organization and third-party
11 insurance vendors to offset the costs of administration as
12 determined by the ~~Council~~ Employee Benefits Division. The ~~Council~~
13 Employee Benefits Division shall have the authority to transfer
14 income received pursuant to this subsection to the ~~Board~~
15 HealthChoice Health Insurance Division for services provided by the
16 ~~Board~~ HealthChoice Health Insurance Division;

17 17. To accept, modify or reject elections under the plan in
18 accordance with the Oklahoma ~~State Employees Benefits~~ Health and
19 Wellness Act and 26 U.S.C.A., Section 1 et seq.;

20 18. To promulgate election and claim forms to be used by
21 participants;

22 19. To take all steps deemed necessary to properly administer
23 the plan in accordance with the Oklahoma ~~State Employees Benefits~~
24

1 Health and Wellness Act and the requirements of other applicable
2 law; and

3 20. To manage, license or sell software developed for and
4 acquired by the ~~Council~~ Employee Benefits Division, whether or not
5 such software is patented or copyrighted. The ~~Council~~ Employee
6 Benefits Division shall have the authority to license and sell such
7 software or any rights to such software without declaring such
8 property to be surplus. All proceeds from any such sale shall be
9 deposited in the Benefits Council Administration Revolving Fund and
10 used to defray the costs of administration.

11 B. The ~~Council~~ Employee Benefits Division members shall
12 discharge their duties as fiduciaries with respect to the
13 participants and their dependents of the plan, and all fiduciaries
14 shall be subject to the following definitions and provisions:

15 1. A person or organization is a fiduciary with respect to the
16 ~~Council~~ Employee Benefits Division to the extent that the person or
17 organization:

18 a. exercises any discretionary authority or discretionary
19 control respecting administration or management of the
20 ~~Council~~ Employee Benefits Division,

21 b. exercises any authority or control respecting
22 disposition of the assets of the ~~Council~~ Employee
23 Benefits Division,

24

1 c. renders advice for a fee or other compensation, direct
2 or indirect, with respect to any participant or
3 dependent benefits, monies or other property of the
4 ~~Council~~ Employee Benefits Division, or has any
5 authority or responsibility to do so, or

6 d. has any discretionary authority or discretionary
7 responsibility in the administration of the ~~Council~~
8 Employee Benefits Division;

9 2. The ~~Council~~ Employee Benefits Division may procure insurance
10 indemnifying the members of the ~~Council~~ Employee Benefits Division
11 from personal loss or accountability from liability resulting from a
12 member's action or inaction as a member of the ~~Council~~ Employee
13 Benefits Division;

14 3. Except for a breach of fiduciary obligation, a ~~Council~~
15 ~~member~~ an Employee Benefits Division employee shall not be
16 individually or personally responsible for any action of the ~~Council~~
17 Employee Benefits Division;

18 4. Any person who is a fiduciary with respect to the ~~Council~~
19 Employee Benefits Division shall be entitled to rely on
20 representations made by participants, participating employers, third
21 party administrators and beneficiaries with respect to age and other
22 personal facts concerning a participant or beneficiaries, unless the
23 fiduciary knows the representations to be false;

1 5. Each fiduciary shall discharge his or her duties and
2 responsibilities with respect to the ~~Council~~ Employee Benefits
3 Division and the plan solely in the interest of the participants and
4 beneficiaries of the plan according to the terms hereof, for the
5 exclusive purpose of providing benefits to participants and their
6 beneficiaries, with the care, skill, prudence and diligence under
7 the circumstances prevailing from time to time that a prudent person
8 acting in a like capacity and familiar with such matters would use
9 in the conduct of an enterprise of like character and with like
10 aims; and

11 6. The duties and responsibilities allocated to each fiduciary
12 by the Oklahoma ~~State Employees Benefits~~ Health and Wellness Act or
13 by the ~~Council~~ Employee Benefits Division shall be the several and
14 not joint responsibility of each, and no fiduciary shall be liable
15 for the act or omission of any other fiduciary unless:

16 a. by his or her failure to properly administer his or
17 her specific responsibility he or she enabled such
18 other person or organization to commit a breach of
19 fiduciary responsibility, or

20 b. he or she knowingly participates in, or knowingly
21 undertakes to conceal, an act or omission of another
22 person or organization, knowing such act or omission
23 to be a breach, or

24

1 c. having knowledge of the breach of another person or
2 organization, he or she fails to make reasonable
3 efforts under the circumstances to remedy said breach.

4 SECTION 92. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 1365.1 of Title 74, unless there
6 is created a duplication in numbering, reads as follows:

7 Prior to the commencement of fiscal year 2013, and each fiscal
8 year thereafter, the Oklahoma Health and Wellness Board shall remit
9 to the State Treasurer for deposit in the ~~state~~ General Revenue Fund
10 of the State Treasury an amount which reflects fifteen percent (15%)
11 of the combined administrative costs of the Oklahoma Health and
12 Wellness Board as of the fiscal year ending June 30, 2011. The
13 Board shall report all administrative savings to the Joint Liaison
14 Committee on Oklahoma Health and Wellness annually.

15 SECTION 93. AMENDATORY 74 O.S. 2001, Section 1366, is
16 amended to read as follows:

17 Section 1366. A. ~~The Oklahoma State Employees~~ Employee
18 Benefits Council Division shall establish a flexible benefits plan
19 in accordance with the provisions of ~~Section 1361 et seq.~~ Sections
20 1363 through 1375 of this title. All participating employers shall
21 offer the plan to their eligible employees.

22 B. ~~The Council~~ Division shall interpret the plan and decide any
23 matters arising thereunder and may adopt such rules and procedures
24 as it deems necessary, desirable or appropriate in the

1 administration of the plan subject to the Administrative Procedures
2 Act. All rules and decisions of the ~~Council~~ Division shall be
3 uniformly and consistently applied to all participants in similar
4 circumstances and shall be conclusive and binding on all persons
5 having an interest in the plan. When making any decision or
6 determination, the ~~Council~~ Division shall be entitled to rely upon
7 such information as may be furnished to it by a participant, a
8 participating employer, legal counsel, third party administrator or
9 the management of any individual benefit plan which is incorporated
10 in the plan.

11 C. The executive director, under the direction of the ~~Council~~
12 Division, may contract with one or more firms or organizations to
13 administer or provide consulting services in regard to all or any
14 portion of the plan.

15 The ~~Council~~ Division shall solicit proposals on a competitive
16 bid basis. Contracts for the flexible benefits plan shall not be
17 subject to the provisions of the Oklahoma Central Purchasing Act,
18 ~~Section 85.1 et seq. of this title.~~ The ~~Council~~ Division shall
19 promulgate rules establishing appropriate competitive bidding
20 criteria and procedures for contracts awarded for flexible benefits
21 plans. When requested by the ~~Council~~ Division, the Department of
22 Central Services shall assist the ~~Council~~ Division in the process of
23 selecting any contracts for the design, development, communication
24 or implementation of the plan.

1 When awarding a contract for services pursuant to this
2 subsection, the ~~Council~~ Division shall satisfy itself that the
3 contractor has no interests which would impair its ability to
4 perform the tasks and services required and that the contractor will
5 exercise proper independent judgment when performing its
6 responsibilities under ~~Section 1361 et seq.~~ Sections 1363 through
7 1375 of this title and under the contract.

8 D. Expenses included in an employee's salary adjustment
9 agreement pursuant to the flexible benefits plan shall be limited to
10 expenses for:

11 1. Premiums for any health insurance, health maintenance
12 organization, life insurance, long term disability insurance, dental
13 insurance or high deductible health benefit plan offered to
14 employees and their dependents;

15 2. Insurance premiums or retirement plan premiums or payments
16 which are supplemental to insurance or retirement programs offered
17 by this state or which are paid for under salary adjustment
18 agreements pursuant to the provisions of Section ~~7.10~~ 34.70 of Title
19 62 of the Oklahoma Statutes;

20 3. Dependent care;

21 4. Medical care, as defined by the ~~Council~~ Division; and

22 5. All other eligible benefit programs offered under 26 United
23 States Code Section 125.

24

1 E. The amount by which an employee's salary is adjusted
2 pursuant to a salary adjustment agreement shall be excluded from
3 income in computation of income tax withholding, federal insurance
4 contributions act taxes, unemployment payments and workers'
5 compensation coverage. Such amount shall be included as income in
6 computation of state retirement contributions and benefits.
7 Provided, if the inclusions and exclusions provided in this
8 subsection conflict with the provisions of federal law or
9 regulations pertaining to flexible benefits plans, the ~~Council~~
10 Division is authorized to modify or abolish such inclusions and
11 exclusions.

12 F. 1. Legal representation shall be provided by the Office of
13 the Attorney General.

14 2. ~~The executive director shall be the appointing authority and~~
15 ~~agency head.~~ All Except for the executive director, all other
16 positions and employees shall be classified and subject to the
17 provisions of the Merit System of Personnel Administration except
18 actuaries and other personnel and positions in the unclassified
19 service as provided in Section 840-5.5 of this title.

20 SECTION 94. AMENDATORY Section 10, Chapter 439, O.S.L.
21 2002 (74 O.S. Supp. 2010, Section 1366.1), is amended to read as
22 follows:

23 Section 1366.1 Notwithstanding any other provision of law to
24 the contrary, for contracts relating to the plan year beginning

1 January 1, 2003, and for each plan year thereafter, the Oklahoma
2 ~~State Employees Benefits Council and the State and Education~~
3 ~~Employees Group Insurance~~ Health and Wellness Board shall:

4 a. ~~develop~~ 1. Develop geographic service areas and list the zip
5 codes contained in such service areas. ~~Each~~ The participating
6 health maintenance organization shall ~~not~~ be required to offer
7 enrollment in every service area as a condition to participation in
8 the State Account_{7i};

9 b. ~~not~~ 2. Not require the participating health maintenance
10 ~~organizations~~ organization to offer a Medicare supplement plan.
11 However, if the participating health maintenance organization offers
12 a Medicare supplement plan to other entities within this state then
13 it shall be required to offer a Medicare supplement plan_{7i};

14 c. ~~require~~ 3. Require the participating health maintenance
15 ~~organizations~~ organization to meet the standardized benefit plan as
16 required by the ~~Oklahoma State Employees~~ Employee Benefits Council
17 Division. However, the participating health maintenance
18 ~~organizations~~ organization may offer enhancements in an effort to
19 make their ~~plans~~ plan more attractive and competitive_{7i}; and

20 d. ~~ensure~~ 4. Ensure that all premiums are paid to the
21 participating health maintenance ~~organizations~~ organization within
22 sixty (60) calendar days from receipt of the bill.

23 SECTION 95. AMENDATORY 74 O.S. 2001, Section 1368, is
24 amended to read as follows:

1 Section 1368. There is hereby created in the State Treasury a
2 revolving fund for the ~~Oklahoma State Employees~~ Employee Benefits
3 ~~Council~~ Division to be designated the "Benefits ~~Council~~ Division
4 Administration Revolving Fund". The fund shall be a continuing
5 fund, not subject to fiscal year limitations, and shall consist of
6 all monies properly credited and paid to the ~~Oklahoma State~~
7 ~~Employees Benefits Council~~ Division other than flexible benefit
8 dollars. Disbursements from the fund shall be limited to the direct
9 operation of the ~~Oklahoma State Employees Benefits Council~~ Division
10 and the Wellness Program as authorized by the ~~Council~~ Division.

11 SECTION 96. AMENDATORY 74 O.S. 2001, Section 1370, as
12 last amended by Section 2, Chapter 28, O.S.L. 2009 (74 O.S. Supp.
13 2010, Section 1370), is amended to read as follows:

14 Section 1370. A. Subject to the requirement that a participant
15 must elect the default benefits, the basic plan, or is a person who
16 has retired from a branch of the United States military and has been
17 provided with health care through a federal plan, to the extent that
18 it is consistent with federal law, and provides proof of this
19 coverage, flexible benefit dollars may be used to purchase any of
20 the benefits offered by the ~~Oklahoma State Employees~~ Employee
21 Benefits ~~Council~~ Division under the flexible benefits plan. A
22 participant who has provided proof of other coverage as described in
23 this subsection shall not receive flexible benefit dollars if the
24 person elects not to purchase any benefits. A participant's

1 flexible benefit dollars for a plan year shall consist of the sum of
2 ~~(1) flexible:~~

3 1. Flexible benefit allowance credited to a participant by the
4 participating employer~~;~~; and ~~(2) pay~~

5 2. Pay conversion dollars elected by a participant.

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

11 C. For the plan year ~~ending December 31, 2001~~ beginning January
12 1, 2012, the benefit allowance shall not be less than the Plan Year
13 2011 benefit allowance amounts, and each plan year thereafter, the
14 amount of a participant's benefit allowance, which shall be the
15 total amount the employer contributes for the payment of insurance
16 premiums or other benefits for a basic preferred provider
17 organization plan, shall be:

18 1. The greater of ~~Two Hundred Sixty two Dollars and nineteen~~
19 ~~cents (\$262.19) per month~~ the amount of benefit which the
20 participant would have qualified for as of plan year 2011 or an
21 amount equal to the ~~sum of the average~~ monthly premiums of all ~~high~~
22 ~~option health insurance plans~~ the basic preferred provider
23 organization plan offered to the participant, excluding the point-
24 of-service plans, the ~~average~~ monthly ~~premiums~~ premium of the dental

1 ~~plans~~ plan offered to participants, the monthly premium of the
2 disability plan, and the monthly premium of the basic life insurance
3 plan offered to ~~state employees~~ participants or the amount
4 determined by the ~~Council~~ Oklahoma Health and Wellness Board based
5 on a formula for determining a participant's benefit credits
6 consistent with the requirements of 26 U.S.C., Section 125(g)(2) and
7 regulations thereunder; or

8 2. The greater of ~~Two Hundred Twenty four Dollars and sixty-~~
9 ~~nine cents (\$224.69) per month~~ the amount of benefit which the
10 participant would have qualified for as of plan year 2011 or an
11 amount equal to the ~~sum of the average~~ monthly premiums of ~~all high~~
12 ~~option health insurance plans~~ the basic preferred provider
13 organization plan offered to participants, excluding the point-of-
14 service plans, the ~~average~~ monthly ~~premiums~~ premium of the dental
15 ~~plans~~ plan offered to participants, the monthly premium of the
16 disability plan, and the monthly premium of the basic life insurance
17 plan offered to ~~state employees~~ participants plus one of the
18 additional amounts as follows for participants who elect to include
19 one or more dependents:

20 a. for a spouse, seventy-five percent (75%) of the
21 ~~average price of all high option~~ the basic preferred
22 provider organization health benefit ~~plans~~ plan,
23 excluding the point-of-service plans, available for
24 coverage of a spouse,

- 1 b. for one child, seventy-five percent (75%) of the
2 average price of ~~all high option~~ the basic preferred
3 ~~provider organization health plan~~ benefit plans ~~plan~~
4 available, excluding the point-of-service plans, for
5 coverage of one child,
- 6 c. for two or more children, seventy-five percent (75%)
7 of the average price of ~~all high option~~ the basic
8 ~~preferred provider organization health~~ benefit plans
9 ~~plan~~ available, excluding the point-of-service plans,
10 for coverage of two or more children,
- 11 d. for a spouse and one child, seventy-five percent (75%)
12 of the average price of ~~all high option~~ the basic
13 ~~preferred provider organization health~~ benefit plans
14 ~~plan~~ available, excluding the point-of-service plans,
15 for coverage of a spouse and one child, or
- 16 e. for a spouse and two or more children, seventy-five
17 percent (75%) of the average price of ~~all high option~~
18 the basic preferred provider organization health
19 ~~benefit plans~~ plan available, excluding the point-of-
20 service plans, for coverage of a spouse and two or
21 more children.

22 D. This section shall not prohibit payments for supplemental
23 health insurance coverage made pursuant to Section 1314.4 of this
24 title or payments for the cost of providing health insurance

1 coverage for dependents of employees of the Grand River Dam
2 Authority.

3 E. If a participant desires to buy benefits whose sum total of
4 benefit prices is in excess of his or her flexible benefit
5 allowance, the participant may elect to use pay conversion dollars
6 to purchase such excess benefits. Pay conversion dollars may be
7 elected through a salary reduction agreement made pursuant to the
8 election procedures of Section 1371 of this title. The elected
9 amount shall be deducted from the participant's compensation in
10 equal amounts each pay period over the plan year. On termination of
11 employment during a plan year, a participant shall have no
12 obligation to pay the participating employer any pay conversion
13 dollars allocated to the portion of the plan year after the
14 participant's termination of employment.

15 F. If a participant hired before November 1, 2011, elects
16 benefits whose sum total of benefit prices is less than his or her
17 flexible benefit allowance, he or she shall receive any excess
18 flexible benefit allowance as taxable compensation. For employees
19 hired on or after November 1, 2011, any benefit allowance amount in
20 excess of the combined cost of all benefits shall be deposited into
21 a health savings account, a flexible spending account, or an account
22 authorized pursuant to Section 1705 or 1707 of this title, and may
23 be used for purposes authorized by federal and state law. Such
24 taxable compensation will be paid in substantially equal amounts

1 each pay period over the plan year. On termination during a plan
2 year, a participant shall have no right to receive any such taxable
3 cash compensation allocated to the portion of the plan year after
4 the participant's termination. Nothing herein shall affect a
5 participant's obligation to elect the minimum benefits or to accept
6 the default benefits of the plan with corresponding reduction in the
7 sum of his or her flexible benefit allowance equal to the sum total
8 benefit price of such minimum benefits or default benefits.

9 G. Any benefit allowance amount in excess of the combined cost
10 of all benefits which is a result of any increase in the benefit
11 allowance after November 1, 2011, shall be deposited into a health
12 savings account, a flexible spending account, or an account
13 authorized pursuant to Section 1705 or 1707 of this title, and may
14 be used for purposes authorized by federal and state law.

15 SECTION 97. AMENDATORY 74 O.S. 2001, Section 1371, as
16 last amended by Section 6, Chapter 269, O.S.L. 2007 (74 O.S. Supp.
17 2010, Section 1371), is amended to read as follows:

18 Section 1371. A. All participants must purchase at least the
19 basic plan unless, to the extent that it is consistent with federal
20 law, the participant is a person who has retired from a branch of
21 the United States military and has been provided with health
22 coverage through a federal plan and that participant provides proof
23 of that coverage. On or before January 1 of the plan year beginning
24 July 1, 2001, and July 1 of any plan year beginning after January 1,

1 2002, the ~~Oklahoma State Employees~~ Employee Benefits Council
2 Division shall design the basic plan for the next plan year to
3 insure that the basic plan provides adequate coverage to all
4 participants. All benefit plans, whether offered by the ~~State and~~
5 ~~Education Employees Group Insurance Board~~ HealthChoice Health
6 Insurance Division, a health maintenance organization or other
7 vendors shall meet the minimum requirements set by the ~~Council~~
8 Employee Benefits Division for the basic plan.

9 B. The ~~Board~~ HealthChoice Health Insurance Division shall offer
10 health, disability, life and dental coverage to all participants and
11 their dependents. For health, dental, disability and life coverage,
12 the ~~Board~~ HealthChoice Health Insurance Division shall offer plans
13 at the basic benefit level established by the ~~Council~~ Oklahoma
14 Health and Wellness Board, and in addition, may offer benefit plans
15 that provide an enhanced level of benefits. The ~~Board~~ HealthChoice
16 Health Insurance Division shall be responsible for determining the
17 plan design and the benefit price for the plans that they offer.
18 Effective for the plan year beginning January 1, 2007, and for each
19 plan year thereafter, in setting health insurance premiums for
20 active employees and for retirees under sixty-five (65) years of
21 age, the ~~Board~~ HealthChoice Health Insurance Division shall set the
22 monthly premium for active employees to be equal to the monthly
23 premium for retirees under sixty-five (65) years of age.

24

1 Nothing in this subsection shall be construed as prohibiting the
2 ~~Board~~ HealthChoice Health Insurance Division from offering
3 additional medical plans, provided that any medical plan offered to
4 participants shall meet or exceed the benefits provided in the
5 medical portion of the basic plan.

6 C. In lieu of electing any of the preceding medical benefit
7 plans, a participant may elect medical coverage by ~~any~~ the health
8 maintenance organization made available to participants by the
9 ~~Council~~ Employee Benefits Division. The benefit price of ~~any~~ the
10 health maintenance organization shall be determined on a competitive
11 bid basis. ~~Contracts~~ The contract for ~~said plans~~ the plan shall not
12 be subject to the provisions of the Oklahoma Central Purchasing Act,
13 ~~Section 85.1 et seq. of this title.~~ The ~~Council~~ Board shall
14 promulgate rules establishing appropriate competitive bidding
15 criteria and procedures for ~~contracts~~ the contract awarded for the
16 flexible benefits ~~plans~~ plan. ~~All plans~~ The plan offered by the
17 health maintenance ~~organizations~~ organization meeting the bid
18 requirements as determined by the ~~Council~~ Employee Benefits Division
19 shall be accepted. The ~~Council~~ Board shall have the authority to
20 reject the bid or restrict enrollment in ~~any~~ the health maintenance
21 organization for which the ~~Council~~ Board determines the benefit
22 price to be excessive. The ~~Council~~ Board shall have the authority
23 to reject any plan that does not meet the bid requirements. All
24 bidders shall submit along with their bid a notarized, sworn

1 statement as provided by Section 85.22 of this title. Effective for
2 the plan year beginning January 1, 2007, and for each plan year
3 thereafter, in setting health insurance premiums for active
4 employees and for retirees under sixty-five (65) years of age, ~~HMOs~~
5 the health maintenance organization, self-insured organizations and
6 prepaid plans shall set the monthly premium for active employees to
7 be equal to the monthly premium for retirees under sixty-five (65)
8 years of age. Premium rates shall be actuarially sound and shall be
9 reviewed by an actuary chosen by the Oklahoma Health and Wellness
10 Board.

11 D. Nothing in this section shall be construed as prohibiting
12 the ~~Council~~ Employee Benefits Division from offering additional
13 qualified benefit plans or currently taxable benefit plans. The
14 Employee Benefits Division shall not allow the use of funds from any
15 Flexible Savings Account (FSA) or Health Savings Account (HSA) by a
16 participant for the purpose of obtaining an abortion or for any
17 abortion-related services.

18 E. Each employee of a participating employer who meets the
19 eligibility requirements for participation in the flexible benefits
20 plan shall make an annual election of benefits under the plan during
21 an enrollment period to be held prior to the beginning of each plan
22 year. The enrollment period dates will be determined annually and
23 will be announced by the ~~Council~~ Oklahoma Health and Wellness Board,
24

1 providing the enrollment period shall end no later than thirty (30)
2 days before the beginning of the plan year.

3 Each such employee shall make an irrevocable advance election
4 for the plan year or the remainder thereof pursuant to such
5 procedures as the ~~Council~~ Oklahoma Health and Wellness Board shall
6 prescribe. Any such employee who fails to make a proper election
7 under the plan shall, nevertheless, be a participant in the plan and
8 shall be deemed to have purchased the default benefits described in
9 this section.

10 F. The ~~Council~~ Oklahoma Health and Wellness Board shall
11 prescribe the forms that participants will be required to use in
12 making their elections, and may prescribe deadlines and other
13 procedures for filing the elections.

14 G. Any participant who, in the first year for which he or she
15 is eligible to participate in the plan, fails to make a proper
16 election under the plan in conformance with the procedures set forth
17 in this section or as prescribed by the ~~Council~~ Oklahoma Health and
18 Wellness Board shall be deemed automatically to have purchased the
19 default benefits. The default benefits shall be the same as the
20 basic plan benefits. Any participant who, after having participated
21 in the plan during the previous plan year, fails to make a proper
22 election under the plan in conformance with the procedures set forth
23 in this section or prescribed by the ~~Council~~ Oklahoma Health and
24 Wellness Board, shall be deemed automatically to have purchased the

1 same benefits which the participant purchased in the immediately
2 preceding plan year, except that the participant shall not be deemed
3 to have elected coverage under the health care reimbursement account
4 plan or the dependent care reimbursement account plan.

5 H. Benefit plan contracts with the ~~Board, health maintenance~~
6 ~~organizations~~ HealthChoice Health Insurance Division, Employee
7 Benefits Division, and other third-party insurance vendors shall
8 provide for a risk adjustment factor for adverse selection that may
9 occur, as determined by the ~~Council~~ Oklahoma Health and Wellness
10 Board, based on generally accepted actuarial principles.

11 I. 1. For the plan year ending December 31, 2004, employees
12 covered or eligible to be covered under the ~~State and Education~~
13 ~~Employees Group Insurance~~ Oklahoma Health and Wellness Act and the
14 State Employees Flexible Benefits Act who are enrolled in a the
15 health maintenance organization offering a network in Oklahoma City,
16 shall have the option of continuing care with a primary care
17 physician for the remainder of the plan year if:

18 a. that primary care physician was part of a provider
19 group that was offered to the individual at enrollment
20 and later removed from the network of the health
21 maintenance organization, for reasons other than for
22 cause, and

23
24

1 b. the individual submits a request in writing to the
2 health maintenance organization to continue to have
3 access to the primary care physician.

4 2. The primary care physician selected by the individual shall
5 be required to accept reimbursement for such health care services on
6 a fee-for-service basis only. The fee-for-service shall be computed
7 by the health maintenance organization based on the average of the
8 other fee-for-service contracts of the health maintenance
9 organization in the local community. The individual shall only be
10 required to pay the primary care physician those ~~co-payments~~
11 copayments, coinsurance and any applicable deductibles in accordance
12 with the terms of the agreement between the employer and the health
13 maintenance organization and the provider shall not balance bill the
14 patient.

15 3. Any network offered in Oklahoma City that is terminated
16 prior to July 1, 2004, shall notify the health maintenance
17 organization, ~~Oklahoma State Employees Benefits Council and State~~
18 ~~and Education Employees Group Insurance~~ and the Oklahoma Health and
19 Wellness Board by June 11, 2004, of the network's intentions to
20 continue providing primary care services as described in paragraph 2
21 of this subsection offered by the health maintenance organization to
22 state and public employees.

1 SECTION 98. AMENDATORY 74 O.S. 2001, Section 1372, as
2 amended by Section 1, Chapter 369, O.S.L. 2003 (74 O.S. Supp. 2010,
3 Section 1372), is amended to read as follows:

4 Section 1372. A. The ~~Oklahoma State Employees~~ Employee
5 ~~Benefits Council~~ Division shall be responsible for making all
6 determinations as to the rights of any participant or any
7 beneficiary of a participant to receive amounts under the flexible
8 spending account benefits plan. The ~~Council~~ Division shall
9 prescribe forms and procedures for making claims for flexible
10 spending account benefits under the plan. Each person making a
11 claim for benefits under the flexible spending account benefits plan
12 shall also furnish the ~~Council~~ Division with such documents,
13 evidence, data or information in support of such claim as the
14 ~~Council~~ Division considers necessary or desirable. If any claim for
15 the flexible spending account benefits plan is wholly or partially
16 denied, the claimant shall be given notice in writing of such denial
17 within a reasonable period of time, but no later than forty-five
18 (45) days after the claim is filed.

19 B. A claimant whose claim is denied shall have the right to a
20 hearing before the ~~Council's~~ Division's executive director or
21 hearing officer designated by the executive director. Written
22 notification by a claimant for a hearing must be received by the
23 executive director within ten (10) business days of notification of
24 claim denial. The hearing shall be conducted within thirty (30)

1 days in accordance with the provisions of the Administrative
2 Procedures Act. The ~~Council~~ Division shall promulgate
3 administrative rules establishing policies and procedures specific
4 to the notice of denial, request for explanation, and hearing for
5 flexible spending account benefit claims denial.

6 SECTION 99. AMENDATORY 74 O.S. 2001, Section 1373, is
7 amended to read as follows:

8 Section 1373. A. All health benefit plans that are offered by
9 the ~~Oklahoma State Employees~~ Employee Benefits Council Division
10 shall provide coverage for side effects that are commonly associated
11 with radical retropubic prostatectomy surgery, including, but not
12 limited to impotence and incontinence, and for other prostate
13 related conditions.

14 B. The ~~Council~~ Division shall provide notice to each insured or
15 enrollee under such plan regarding the coverage required by this
16 section in the plan's evidence of coverage, and shall provide
17 additional written notice of the coverage to the insured or enrollee
18 as follows:

- 19 1. In the next mailing made by the plan to the employee; or
- 20 2. As part of the enrollment information packet sent to the
21 enrollee.

22 C. The ~~Council~~ Oklahoma Health and Wellness Board shall
23 promulgate any rules or actions necessary to implement the
24 provisions of this section.

1 SECTION 100. AMENDATORY Section 1, Chapter 501, O.S.L.
2 2002, as last amended by Section 9, Chapter 231, O.S.L. 2006 (74
3 O.S. Supp. 2010, Section 1374), is amended to read as follows:

4 Section 1374. For the plan year beginning January 1, 2005, and
5 for each year thereafter, it shall be the fiduciary responsibility
6 of the Oklahoma ~~State Employees Benefits Council and the State and~~
7 ~~Education Employees Group Insurance~~ Health and Wellness Board to
8 ensure that participants have the option to choose which vision plan
9 best meets their individual needs by offering every vision plan that
10 notifies the ~~Employees Benefits Council and the State and Education~~
11 ~~Employees Group Insurance~~ Board of their desire to participate no
12 later than July 1 of each year and meets or exceeds the following
13 criteria:

14 1. Has in place a statewide network of at least one hundred
15 fifty providers. "Providers", for purposes of this section, means
16 Optometrists (OD), Ophthalmologists (MD), and Ophthalmologists (DO)
17 which shall be counted once regardless of the number of locations
18 where they may practice. Optical shops and retail optical locations
19 shall not be listed as providers. The company offering the vision
20 plan must have a direct relationship with each provider on its
21 panel, and may not lease, borrow, or otherwise obtain use of a
22 provider panel from another company. This would not prevent a
23 company from offering their plan through one corporate entity and
24 administering the plan or provider panel through another legal

1 entity of the same organization. Providers must be actively engaged
2 in providing the services offered under the vision plan they
3 represent;

4 2. Has operated in Oklahoma for at least five (5) years;

5 3. Is licensed by the Insurance Department, certified by the
6 State Department of Health, or licensed as a third-party
7 administrator by the Insurance Department. Vision plans must be
8 offered by the company administering the plan, not by an agent or
9 third party. A company shall offer only one vision plan and rate
10 schedule for each plan year;

11 4. Presents accurate product information in a reproducible
12 format not to exceed two pages; and

13 5. Vision plans must provide an examination, frames and lenses,
14 and/or contact lenses and some form of indemnified payment to the
15 contracted providers for each component of the benefits, i.e., the
16 exam, frames and lenses and/or contact lenses. This does not
17 eliminate discounted supplementary benefits under a qualified plan.

18 Any administrative fees imposed by the ~~Oklahoma State Employees~~
19 ~~Benefits Council or the State and Education Employees Group~~
20 ~~Insurance~~ Board shall be applied equally to all qualified vision
21 plans. There shall be no additional requirements imposed on a
22 vision plan other than the proper licensing or certification by the
23 appropriate state agency.

24

1 SECTION 101. AMENDATORY Section 7, Chapter 269, O.S.L.
2 2007 (74 O.S. Supp. 2010, Section 1375), is amended to read as
3 follows:

4 Section 1375. ~~The State and Education Employees Group Insurance~~
5 Oklahoma Health and Wellness Board shall make the health savings
6 account authorized by the provisions of the Health Savings Account
7 Act established in Section 6060.14 of Title 36 of the Oklahoma
8 Statutes available by offering a high deductible health plan to all
9 persons who are eligible employees for purposes of any health care
10 insurance offered through or under the supervision of the Board.
11 The high deductible health plan shall be offered no later than
12 January 1, 2009. Any employee who elects to participate in a high
13 deductible health plan offered through the ~~State and Education~~
14 ~~Employees Group Insurance~~ Board shall establish a health savings
15 account (HSA) as defined in Section 223 of the Internal Revenue
16 Code. The employee shall provide confirmation of such account to
17 the ~~State and Education Employees Group Insurance~~ Board prior to the
18 effective date of coverage.

19 SECTION 102. AMENDATORY 74 O.S. 2001, Section 1382, as
20 amended by Section 1, Chapter 50, O.S.L. 2006 (74 O.S. Supp. 2010,
21 Section 1382), is amended to read as follows:

22 Section 1382. A. There is hereby created within the Oklahoma
23 ~~State Employee Benefits Council~~ Health and Wellness Board, the
24

1 Wellness Council, to continue until July 1, 2012, in accordance with
2 the provisions of the Oklahoma Sunset Law.

3 B. The Wellness Council shall be composed of one representative
4 from every state agency which has designated a person to serve on
5 the Council as the wellness coordinator for their respective state
6 agency and one representative of the Oklahoma Governor's Council on
7 Physical Fitness and Sports.

8 C. Each state agency with two hundred (200) or more full-time-
9 equivalent employees shall appoint a wellness coordinator. All
10 wellness coordinators shall be appointed by October 1, 1994. Each
11 wellness coordinator shall be appointed for a term of two (2) years.
12 If a wellness coordinator can no longer serve for any reason the
13 appointing agency shall fill the vacancy for the unexpired term.

14 D. The first meeting of the Council shall be called by the
15 ~~Executive Director of the Employee Benefits Council Board~~. The
16 ~~Employee Benefits Council Board~~ shall designate a person to serve as
17 the State Government Wellness Coordinator. The State Government
18 Wellness Coordinator shall serve as the ~~chairman~~ chair of the
19 Wellness Council. The ~~chairman~~ chair shall preside over meetings of
20 the Council and perform such other duties as may be required by the
21 Council. The Council shall elect one of its members to serve as
22 ~~vice-chairman~~ vice-chair who shall perform the duties of the
23 ~~chairman~~ chair in the absence of the ~~chairman~~ chair or upon the
24 inability or refusal of the ~~chairman~~ chair to act.

1 E. The Council shall meet at least once quarterly, and may meet
2 more often as necessary.

3 F. The members of the Council shall serve without compensation.

4 G. A majority of the members of the Council shall constitute a
5 quorum for the transaction of business.

6 SECTION 103. AMENDATORY 74 O.S. 2001, Section 1383, is
7 amended to read as follows:

8 Section 1383. A. The Wellness Council shall coordinate and
9 develop wellness programs in state government. Effective November
10 1, 2011, all state employees shall be enrolled in a wellness
11 program. The Council shall establish financial incentives for
12 successful participation in the program. The Council shall work to
13 encourage participation in wellness programs by state employees and
14 dependents of state employees. The Wellness Council may provide
15 programs to state agencies for quarterly health and safety training
16 as required by the Department of Labor according to the provisions
17 of Section 403 of Title 40 of the Oklahoma Statutes. In addition
18 the Council shall establish methods and a plan of action for
19 receiving money through grants from federal and private funds to
20 implement wellness programs in this state.

21 B. The chair of the Wellness Council shall appoint a Wellness
22 Coordinating Committee. The members of the Committee shall be
23 selected from among the members of the Council. The Committee shall
24 be responsible for meeting and coordinating wellness efforts with

1 the ~~State and Education Employees Group Insurance Board, the~~
2 ~~Oklahoma State Employees Benefits Council~~ Health and Wellness Board,
3 the State Employee Assistance Program and the Oklahoma Health Care
4 Authority. In addition the Committee shall be responsible for
5 developing a plan of action to solicit public and private funds for
6 wellness programs.

7 SECTION 104. AMENDATORY 74 O.S. 2001, Section 1384, is
8 amended to read as follows:

9 Section 1384. There is hereby created in the State Treasury a
10 revolving fund for the Oklahoma ~~State Employees Benefits Council~~
11 Health and Wellness Board to be designated the "Wellness Program
12 Fund". The fund shall be a continuing fund, not subject to fiscal
13 year limitations and shall consist of all monies received by the
14 Wellness Council division of the Oklahoma ~~State Employees Benefits~~
15 ~~Council~~ Health and Wellness Board from money received through
16 grants, donations, contributions and gifts from any public or
17 private source and transfer of funds from the Benefits ~~Council~~
18 Division Administration Revolving Fund as approved by the ~~Oklahoma~~
19 ~~State Employees~~ Employee Benefits Council Division. The Wellness
20 Council may expend funds as provided for by law. Expenditures from
21 ~~said~~ the fund shall be made upon warrants issued by the State
22 Treasurer against claims filed as prescribed by law with the
23 Director of State Finance for approval and payment.

24

1 SECTION 105. AMENDATORY Section 1, Chapter 17, O.S.L.
2 2002, as last amended by Section 5, Chapter 300, O.S.L. 2008 (74
3 O.S. Supp. 2010, Section 3601.1), is amended to read as follows:

4 Section 3601.1 A. For purposes of Sections 3601.1 through 3603
5 of this title, the term "employee" means a full-time employee or any
6 number of part-time employees whose combined weekly hours of
7 employment equal those of a full-time employee, but shall not
8 include temporary employees working on a seasonal basis between May
9 1 and October 31.

10 B. Beginning July 1, 2008, the maximum number of full-time-
11 equivalent employees for each of the following agencies, boards,
12 commissions, departments, or programs shall not exceed the numbers
13 specified in this section, except as may be authorized pursuant to
14 the provisions of Section 3603 of this title.

	MAXIMUM NUMBER OF FULL-TIME-EQUIVALENT EMPLOYEES
15 Board of Managers of the State Insurance Fund	
16 <u>CompSource Oklahoma</u>	591
17 Oklahoma Employment Security Commission	1150
18 Oklahoma Accountancy Board	11
19 Board of Governors of the Licensed Architects, 20 Landscape Architects and Interior Designers of 21 Oklahoma	4

1	Board of Chiropractic Examiners	3
2	State Board of Cosmetology	16
3	Board of Dentistry	5
4	Oklahoma State Board of Embalmers and Funeral	
5	Directors	5
6	State Board of Registration for Professional	
7	Engineers and Land Surveyors	10
8	State Board of Medical Licensure and Supervision/	
9	Board of Podiatric Medical Examiners/State	
10	Board of Examiners of Perfusionists	29
11	Commission on Marginally Producing Oil and Gas	
12	Wells	5
13	Oklahoma Motor Vehicle Commission	6
14	Oklahoma Board of Nursing	26
15	Oklahoma State Board of Examiners for Nursing	
16	Home Administrators	4
17	Board of Examiners in Optometry	3
18	State Board of Osteopathic Examiners	7
19	Oklahoma Peanut Commission	2
20	Oklahoma State Board of Pharmacy	10
21	State Board of Examiners of Psychologists	2
22	Oklahoma Real Estate Commission	26
23	Board of Examiners for Speech-Language Pathology	
24	and Audiology	2

1	Oklahoma Used Motor Vehicle and Parts Commission	12
2	State Board of Veterinary Medical Examiners	6
3	Oklahoma Wheat Utilization, Research and Market	
4	Development Commission	7
5	Oklahoma Firefighters Pension and Retirement	
6	System	13
7	Oklahoma Police Pension and Retirement System	12
8	Teachers' Retirement System of Oklahoma	52
9	Oklahoma Public Employees Retirement System	63
10	Oklahoma Student Loan Authority	85
11	Oklahoma Industrial Finance Authority/Oklahoma	
12	Development Finance Authority	10
13	State and Education Employees Group <u>HealthChoice</u>	
14	<u>Health Insurance Division of the Oklahoma</u>	
15	<u>Health and Wellness Board</u>	178
16	Oklahoma Capital Investment Board	4
17	State Board of Licensed Social Workers	1
18	Oklahoma State Employees <u>Employee Benefits</u>	
19	Council <u>Division of the Oklahoma Health and</u>	
20	<u>Wellness Board</u>	38
21	Oklahoma State Banking Department	46
22	Liquefied Petroleum Gas Administration	10
23	C. The duties and compensation of employees, not otherwise	
24	prescribed by law, necessary to perform the duties imposed upon the	

1 Oklahoma Public Employees Retirement System Board of Trustees by law
2 shall be set by the Board of Trustees.

3 D. Temporary employees of the Oklahoma Used Motor Vehicle and
4 Parts Commission between the dates of November 1 and January 31
5 annually shall not be counted toward the maximum number of full-
6 time-equivalent employees provided for in this section.

7 SECTION 106. AMENDATORY Section 2, Chapter 463, O.S.L.
8 2004, as last amended by Section 1, Chapter 430, O.S.L. 2010 (74
9 O.S. Supp. 2010, Section 3601.2), is amended to read as follows:

10 Section 3601.2 A. Beginning January 1, 2010, the agency,
11 board, commission, department or program shall establish the salary
12 of each of the chief executive officers for which they have
13 appointing authority. Such salary shall be set between the minimum
14 and maximum of the range specified below, for full-time employees
15 only, per annum, payable monthly, pursuant to the limitations
16 outlined below:

17 1. If the chief executive officer's salary is below the minimum
18 annual salary then it can not be raised to more than the minimum
19 annual salary in one (1) fiscal year. If the chief executive
20 officer's salary is at or above the minimum annual salary then the
21 salary may not be increased above the midpoint in one (1) fiscal
22 year.

23 2. Such increases shall not occur more than once in a fiscal
24 year; and

1 3. The salary of the incumbent chief executive officer shall
 2 not be increased if the officer's salary exceeds the maximum of the
 3 range.

	MINIMUM	MIDPOINT	MAXIMUM
	ANNUAL	ANNUAL	ANNUAL
	SALARY	SALARY	SALARY
7 CompSource Oklahoma	\$86,136.00	\$101,337.00	\$116,536.00
8 Oklahoma Employment			
9 Security Commission	\$93,190.00	\$109,635.00	\$126,080.00
10 Board of Governors of the			
11 Licensed Architects,			
12 Landscape Architects and			
13 Interior Designers of			
14 Oklahoma	\$45,513.00	\$62,757.00	\$80,000.00
15 Board of Chiropractic			
16 Examiners	\$46,788.00	\$55,044.00	\$63,301.00
17 State Board of Cosmetology	\$46,788.00	\$55,044.00	\$63,301.00
18 Board of Dentistry	\$54,956.00	\$64,334.00	\$75,687.00
19 Oklahoma Funeral Board	\$46,788.00	\$55,044.00	\$63,301.00
20 State Board of Registration			
21 for Professional			
22 Engineers and Land			
23 Surveyors	\$55,748.00	\$65,585.00	\$75,424.00

1	State Board of Medical			
2	Licensure and			
3	Supervision, Board of			
4	Podiatric Medical			
5	Examiners/State Board of			
6	Examiners of			
7	Perfusionists	\$67,551.00	\$79,471.00	\$91,392.00
8	Commission on Marginally			
9	Producing Oil and Gas			
10	Wells	\$55,748.00	\$65,585.00	\$75,424.00
11	Oklahoma Motor Vehicle			
12	Commission	\$55,748.00	\$65,585.00	\$75,424.00
13	Oklahoma Board of Nursing	\$67,551.00	\$79,471.00	\$91,392.00
14	Oklahoma State Board of			
15	Examiners for Nursing			
16	Home Administrators	\$46,788.00	\$55,044.00	\$63,301.00
17	State Board of Osteopathic			
18	Examiners	\$54,956.00	\$64,334.00	\$75,687.00
19	Oklahoma Peanut Commission	\$45,513.00	\$55,044.00	\$63,300.00
20	State Board of Examiners of			
21	Psychologists	\$46,788.00	\$55,044.00	\$63,301.00
22	Oklahoma Real Estate			
23	Commission	\$67,551.00	\$79,471.00	\$91,392.00
24				

1	Board of Examiners for			
2	Speech-Language Pathology			
3	and Audiology	\$38,001.00	\$44,706.00	\$51,412.00
4	Oklahoma Used Motor Vehicle			
5	and Parts Commission	\$55,748.00	\$65,585.00	\$75,424.00
6	State Board of Veterinary			
7	Medical Examiners	\$46,788.00	\$55,044.00	\$63,301.00
8	Oklahoma Wheat Utilization,			
9	Research and Market			
10	Development Commission	\$55,748.00	\$65,585.00	\$75,424.00
11	Oklahoma Firefighters			
12	Pension and Retirement			
13	System	\$80,732.00	\$94,980.00	\$109,226.00
14	Oklahoma Police Pension and			
15	Retirement System	\$80,733.00	\$94,981.00	\$109,227.00
16	Teachers' Retirement System			
17	of Oklahoma	\$86,136.00	\$101,337.00	\$116,536.00
18	Oklahoma Public Employees			
19	Retirement System	\$86,136.00	\$101,337.00	\$116,536.00
20	Oklahoma Student Loan			
21	Authority	\$83,790.00	\$101,377.00	\$116,536.00
22	Oklahoma Industrial Finance			
23	Authority	\$80,731.00	\$94,979.00	\$109,225.00
24				

1	State and Education			
2	Employees Group Insurance			
3	<u>HealthChoice Health</u>			
4	<u>Insurance Division of the</u>			
5	<u>Oklahoma Health and</u>			
6	<u>Wellness Board</u>	\$86,136.00	\$101,337.00	\$116,536.00
7	Oklahoma Capital Investment			
8	Board	\$80,731.00	\$94,979.00	\$109,225.00
9	State Board of Licensed			
10	Social Workers	\$46,788.00	\$55,044.00	\$63,301.00
11	Oklahoma State Employees			
12	<u>Employee Benefits Council</u>			
13	<u>Division of the Oklahoma</u>			
14	<u>Health and Wellness Board</u>	\$80,731.00	\$94,979.00	\$109,225.00
15	Grand River Dam Authority	\$101,437.00	\$119,339.00	\$137,239.00
16	Oklahoma State Banking			
17	Department	\$101,437.00	\$119,339.00	\$137,239.00
18	Liquefied Petroleum Gas			
19	Administration	\$55,748.00	\$65,585.00	\$75,424.00
20	Oklahoma Securities			
21	Commission	\$101,437.00	\$119,339.00	\$137,239.00
22	B. All increases require certification of the appointing			
23	authority that said action can be implemented for the current fiscal			
24	year and subsequent fiscal year without the need for additional			

1 funding. The agency, board, commission, department or program shall
2 report increases granted under this section to the Office of
3 Personnel Management on an annual basis by August 1 of each year.
4 The Office of Personnel management shall forward a report of such
5 increases to the Governor, President Pro Tempore of the Senate, and
6 Speaker of the House of Representatives no later than September 1 of
7 each year.

8 C. Every two (2) years starting FY-05, the Office of Personnel
9 Management shall review these salary ranges and report on and make
10 recommendations on proposed salary ranges in their annual
11 compensation reports mandated by paragraph 5 of Section 840-1.6A of
12 this title by no later than December 1.

13 D. Every three (3) years the Legislature shall review the
14 salary ranges specified in subsection A of this section.

15 SECTION 107. AMENDATORY Section 5, Chapter 459, O.S.L.
16 2003, as last amended by Section 4, Chapter 234, O.S.L. 2005 (82
17 O.S. Supp. 2010, Section 864.1), is amended to read as follows:

18 Section 864.1 Except as otherwise provided for in this section,
19 for the life of a retired employee, the Grand River Dam Authority
20 shall pay not less than Sixty Dollars (\$60.00) of its retired
21 member's, employee only, health insurance premiums as long as the
22 retiree elects to continue participation in one of the plans offered
23 by the ~~State and Education Employees Group Insurance~~ Oklahoma Health
24 and Wellness Board. Such payment made by the Grand River Dam

1 Authority shall be in addition to any amount contributed by the
2 Oklahoma Public Employees Retirement System pursuant to Section
3 1316.2 of Title 74 of the Oklahoma Statutes. At its discretion, the
4 Board of Directors of the Grand River Dam Authority may elect to pay
5 more than Sixty Dollars (\$60.00) toward the health insurance premium
6 of a retired employee.

7 If the sum of the amount paid by the Grand River Dam Authority
8 plus the medical supplement paid by the Oklahoma Public Employees
9 Retirement System pursuant to Section 1316.2 of Title 74 of the
10 Oklahoma Statutes exceeds the amount of the retired member's,
11 employee only, health insurance premium, the Authority may reduce
12 the amount it contributes.

13 SECTION 108. REPEALER 74 O.S. 2001, Section 1304, as
14 last amended by Section 2, Chapter 231, O.S.L. 2006 (74 O.S. Supp.
15 2010, Section 1304), is hereby repealed.

16 SECTION 109. REPEALER 74 O.S. 2001, Sections 1361, 1362,
17 1364, as amended by Section 1, Chapter 178, O.S.L. 2010 and Section
18 3, Chapter 489, O.S.L. 2002 (74 O.S. Supp. 2010, Sections 1364 and
19 1366.2), are hereby repealed.

20 SECTION 110. It being immediately necessary for the
21 preservation of the public peace, health and safety, an emergency is
22
23
24

1 hereby declared to exist, by reason whereof this act shall take
2 effect and be in full force from and after its passage and approval.

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