

1 STATE OF OKLAHOMA

2 1st Session of the 54th Legislature (2013)

3 COMMITTEE SUBSTITUTE
4 FOR ENGROSSED
5 HOUSE BILL 1107

By: Mulready and Murphey of the
House

6 and

7 Brecheen of the Senate

8
9 COMMITTEE SUBSTITUTE

10 An Act relating to state employee benefits; amending
11 68 O.S. 2011, Section 205.2, as amended by Section 1,
12 Chapter 240, O.S.L. 2012 (68 O.S. Supp. 2012, Section
13 205.2), which relates to claims against state income
14 tax refunds; modifying what claims are exempt;
15 amending 74 O.S. 2011, Sections 1304.1, as amended by
16 Section 14, Chapter 303, O.S.L. 2012 and 1308.3, as
17 amended by Section 1, Chapter 352, O.S.L. 2012 (74
18 O.S. Supp. 2012, Sections 1304.1 and 1308.3), which
19 relate to the Oklahoma Employees Insurance and
20 Benefits Act; authorizing the Office of Management
21 and Enterprise Services to intercept certain monies;
22 modifying what benefits an employee may opt out of;
23 amending 74 O.S. 2011, Section 1370, as amended by
24 Section 18, Chapter 303, O.S.L. 2012 (74 O.S. Supp.
2012, Section 1370), which relates to the Oklahoma
State Employees Benefits Act; modifying certain
flexible benefit allowance credit disbursement
schedules; modifying certain deduction schedules; and
providing an effective date.

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

1 SECTION 1. AMENDATORY 68 O.S. 2011, Section 205.2, as
2 amended by Section 1, Chapter 240, O.S.L. 2012 (68 O.S. Supp. 2012,
3 Section 205.2), is amended to read as follows:

4 Section 205.2. A. A state agency, a municipal court, a
5 district court or a public housing authority operating pursuant to
6 Section 1062 of Title 63 of the Oklahoma Statutes seeking to collect
7 a debt, unpaid fines and cost or final judgment of at least Fifty
8 Dollars (\$50.00) from an individual who has filed a state income tax
9 return may file a claim with the Oklahoma Tax Commission requesting
10 that the amount owed to the agency, a municipal court, a district
11 court or a public housing authority operating pursuant to Section
12 1062 of Title 63 of the Oklahoma Statutes be deducted from any state
13 income tax refund due to that individual. The claim shall be filed
14 electronically in a form prescribed by the Tax Commission and shall
15 contain information necessary to identify the person owing the debt,
16 including the full name and Social Security number of the debtor.

17 1. Upon receiving a claim from a state agency, the municipal
18 court, a district court or a public housing authority operating
19 pursuant to Section 1062 of Title 63 of the Oklahoma Statutes, the
20 Tax Commission shall deduct the claim amount, plus collection
21 expenses as provided in this section, from the tax refund due to the
22 debtor and transfer the amount to the municipal court, the district
23 court, the agency or the public housing authority. Provided, the
24

1 Tax Commission need not report available funds of less than Fifty
2 Dollars (\$50.00).

3 2. The state agency, the municipal court, a district court or a
4 public housing authority operating pursuant to Section 1062 of Title
5 63 of the Oklahoma Statutes shall send notice to the debtor by
6 regular mail at the last-known address of the debtor as shown by the
7 records of the Tax Commission when seeking to collect a debt not
8 reduced to final judgment. The state agency, the municipal court, a
9 district court or a public housing authority operating pursuant to
10 Section 1062 of Title 63 of the Oklahoma Statutes shall send notice
11 to the judgment debtor or municipal court defendant by first class
12 mail at the last-known address of the judgment debtor or municipal
13 court defendant as shown by the records of the Tax Commission when
14 seeking to collect a final judgment or unpaid municipal fines and
15 cost. The notice shall state:

- 16 a. that a claim has been filed with the Tax Commission
17 for any portion of the tax refund due to the debtor or
18 municipal court defendant which would satisfy the
19 debt, unpaid municipal fines and cost, or final
20 judgment in full or in part,
- 21 b. the basis for the claim,
- 22 c. that the Tax Commission has deducted an amount from
23 the refund and remitted it to such state agency,
- 24

1 municipal court, district court or public housing
2 authority,

3 d. that the debtor or municipal court defendant has the
4 right to contest the claim by sending a written
5 request to the state agency, the municipal court, the
6 district court or the public housing authority for a
7 hearing to protest the claim, and if the debtor or
8 municipal court defendant fails to apply for a hearing
9 within sixty (60) days after the date of the mailing
10 of the notice, the debtor or municipal court defendant
11 shall be deemed to have waived his or her opportunity
12 to contest the claim. Provided, if the claim was
13 filed by the Department of Human Services, the notice
14 shall state that the debtor must contest the claim by
15 sending a written request to the Department within
16 thirty (30) days after the date of the mailing of the
17 notice, and

18 e. that a collection expense of five percent (5%) of the
19 gross proceeds owed to the state agency, municipal
20 court or district court has been charged to the debtor
21 or municipal court defendant and withheld from the
22 refund.

23 3. If the state agency, municipal court, district court or
24 public housing authority determines that a refund is due to the

1 taxpayer, the state agency, municipal court, district court or
2 public housing authority shall reimburse the amount claimed plus the
3 five-percent collection expense to the taxpayer. The state agency,
4 municipal court, district court or public housing authority may
5 request reimbursement of the two-percent collection expense retained
6 by the Tax Commission. Such request must be made within ninety (90)
7 days of reimbursement to the taxpayer. If timely requested, the Tax
8 Commission shall make such reimbursement to the state agency,
9 municipal court, district court or public housing authority within
10 ninety (90) days of the request.

11 4. In the case of a joint return, the notice shall state:

- 12 a. the name of any taxpayer named in the return against
13 whom no debt, no unpaid fines and cost, or final
14 judgment is claimed,
- 15 b. the fact that a debt, unpaid municipal fines and cost,
16 or final judgment is not claimed against the taxpayer,
- 17 c. the fact that the taxpayer is entitled to receive a
18 refund if it is due regardless of the debt, municipal
19 fines and cost, or final judgment asserted against the
20 debtor or municipal court defendant,
- 21 d. that in order to obtain the refund due, the taxpayer
22 must apply, in writing, for a hearing with the
23 municipal court, district court, the agency or the
24 public housing authority named in the notice within

1 sixty (60) days after the date of the mailing of the
2 notice. Provided, if the claim was filed by the
3 Department of Human Services, the notice shall state
4 that the taxpayer must apply, in writing, for a
5 hearing with the Department within thirty (30) days
6 after the date of the mailing of the notice, and
7 e. if the taxpayer against whom no debt, no unpaid
8 municipal fines and cost, or final judgment is claimed
9 fails to apply in writing for a hearing within sixty
10 (60) days after the mailing of the notice, the
11 taxpayer shall have waived his or her right to a
12 refund. Provided, if the claim was filed by the
13 Department of Human Services, the notice shall state
14 that if the taxpayer fails to apply in writing for a
15 hearing with the Department within thirty (30) days
16 after the date of the mailing of the notice, the
17 taxpayer shall have waived his or her right to a
18 refund.

19 B. If the municipal court, district court, agency or public
20 housing authority operating pursuant to Section 1062 of Title 63 of
21 the Oklahoma Statutes asserting the claim receives a written request
22 for a hearing from the debtor or taxpayer against whom no debt, no
23 municipal fines and cost, or final judgment is claimed, the agency,
24 the municipal court, the district court or public housing authority

1 operating pursuant to Section 1062 of Title 63 of the Oklahoma
2 Statutes shall grant a hearing according to the provisions of the
3 Administrative Procedures Act. It shall be determined at the
4 hearing whether the claimed sum is correct or whether an adjustment
5 to the claim shall be made. Pending final determination at the
6 hearing of the validity of the debt, unpaid fines and cost, or final
7 judgment asserted by the municipal court, the district court, agency
8 or public housing authority operating pursuant to Section 1062 of
9 Title 63 of the Oklahoma Statutes, no action shall be taken in
10 furtherance of the collection of the debt, unpaid fines and cost, or
11 final judgment. Appeals from actions taken at the hearing shall be
12 in accordance with the provisions of the Administrative Procedures
13 Act.

14 C. Upon final determination at a hearing, as provided for in
15 subsection B of this section, of the amount of the debt, unpaid
16 fines and cost, or final judgment, or upon failure of the debtor or
17 taxpayer against whom no debt, no unpaid fines and cost, or final
18 judgment is claimed to request such a hearing, the municipal court,
19 the district court, agency or public housing authority operating
20 pursuant to Section 1062 of Title 63 of the Oklahoma Statutes shall
21 apply the amount of the claim to the debt owed. Any amounts held by
22 the municipal court, district court, agency or public housing
23 authority operating pursuant to Section 1062 of Title 63 of the
24 Oklahoma Statutes in excess of the final determination of the debt

1 and collection expense shall be refunded by the municipal court,
2 district court, agency or public housing authority operating
3 pursuant to Section 1062 of Title 63 of the Oklahoma Statutes to the
4 taxpayer. However, if the tax refund due is inadequate to pay the
5 collection expense and debt, unpaid fines and cost, or final
6 judgment, the balance due the state agency, the municipal court, the
7 district court or public housing authority operating pursuant to
8 Section 1062 of Title 63 of the Oklahoma Statutes shall be a
9 continuing debt or final judgment until paid in full.

10 D. Upon receipt of a claim as provided in subsection A of this
11 section, the Tax Commission shall:

12 1. Deduct from the refund five percent (5%) of the gross
13 proceeds owed to the state agency, the municipal court, district
14 court or public housing authority operating pursuant to Section 1062
15 of Title 63 of the Oklahoma Statutes, and distribute it by retaining
16 two percent (2%) and transferring three percent (3%) to the
17 municipal court, the district court, the state agency or public
18 housing authority operating pursuant to Section 1062 of Title 63 of
19 the Oklahoma Statutes, as an expense of collection. The two percent
20 (2%) retained by the Tax Commission shall be deposited in the
21 Oklahoma Tax Commission Fund;

22 2. Transfer the amount of the claimed debt, unpaid fines and
23 cost, or final judgment or so much thereof as is available to the
24 state agency, municipal court, the district court or public housing

1 authority operating pursuant to Section 1062 of Title 63 of the
2 Oklahoma Statutes;

3 3. Notify the debtor in writing as to how the refund was
4 applied; and

5 4. Refund to the debtor any balance remaining after deducting
6 the collection expense and debt, unpaid fines and cost, or final
7 judgment.

8 E. The Tax Commission shall deduct from any state tax refund
9 due to a taxpayer the amount of delinquent state tax and penalty and
10 interest thereon, which such taxpayer owes pursuant to any state tax
11 law prior to payment of such refund.

12 F. The Tax Commission shall have first priority over all other
13 agencies, municipal courts, district courts or public housing
14 authorities operating pursuant to Section 1062 of Title 63 of the
15 Oklahoma Statutes, when the Tax Commission is collecting a debt,
16 municipal court fines and cost, or final judgment pursuant to the
17 provisions of this section. Priority in multiple claims by other
18 agencies, authorities, municipal courts or district courts pursuant
19 to the provisions of this section shall be in the order in time, in
20 which the Tax Commission receives the claim from the agencies,
21 authorities, municipal courts and district courts required by the
22 provisions of subsection A of this section.

23

24

1 G. The Tax Commission shall prescribe or approve forms and
2 promulgate rules and regulations for implementing the provisions of
3 this section.

4 H. The information obtained by an agency, authority, municipal
5 court or by the district court from the Tax Commission pursuant to
6 the provisions of this section shall be used only to aid in
7 collection of the debt, unpaid fines and cost, or final judgment
8 owed to the agency, authority, municipal court or a district court.
9 Disclosure of the information for any other purpose shall constitute
10 a misdemeanor. Any agency, authority or court employee or person
11 convicted of violating this provision shall be subject to a fine not
12 exceeding One Thousand Dollars (\$1,000.00) or imprisonment in the
13 county jail for a term not exceeding one (1) year, or both fine and
14 imprisonment and, if still employed by the agency, authority or the
15 courts, shall be dismissed from employment.

16 I. The Tax Commission may employ the procedures provided by
17 this section in order to collect a debt owed to the Internal Revenue
18 Service if the Internal Revenue Service requires such procedure as a
19 condition to providing information to the Commission concerning
20 federal income tax.

21 J. The provisions of this section shall not apply to claims
22 filed under the provisions of Section 2906 or Section 5011 of this
23 title or to any debt owed to a state agency for health care or
24 medical services unless said health care or medical services were

1 rendered, induced or otherwise obtained as a result of fraud, breach
2 of contract, error, ineligibility or any illegal or unauthorized
3 mean.

4 SECTION 2. AMENDATORY 74 O.S. 2011, Section 1304.1, as
5 amended by Section 14, Chapter 303, O.S.L. 2012 (74 O.S. Supp. 2012,
6 Section 1304.1), is amended to read as follows:

7 Section 1304.1 A. The State and Education Employees Group
8 Insurance Board and the Oklahoma State Employees Benefits Council
9 are hereby abolished. Wherever the State and Education Employees
10 Group Insurance Board and the Oklahoma State Employees Benefits
11 Council are referenced in law, that reference shall be construed to
12 mean the Oklahoma Employees Insurance and Benefits Board.

13 B. There is hereby created the Oklahoma Employees Insurance and
14 Benefits Board.

15 C. The chair and vice-chair shall be elected by the Board
16 members at the first meeting of the Board and shall preside over
17 meetings of the Board and perform other duties as may be required by
18 the Board. Upon the resignation or expiration of the term of the
19 chair or vice-chair, the members shall elect a chair or vice-chair.
20 The Board shall elect one of its members to serve as secretary.

21 D. The Board shall consist of seven (7) members to be appointed
22 as follows:

- 23 1. The State Insurance Commissioner, or designee;
- 24 2. Four members shall be appointed by the Governor;

1 3. One member shall be appointed by the Speaker of the Oklahoma
2 House of Representatives; and

3 4. One member shall be appointed by the President Pro Tempore
4 of the State Senate.

5 E. The appointed members shall:

6 1. Have demonstrated professional experience in investment or
7 funds management, public funds management, public or private group
8 health or pension fund management, or group health insurance
9 management;

10 2. Be licensed to practice law in this state and have
11 demonstrated professional experience in commercial matters; or

12 3. Be licensed by the Oklahoma Accountancy Board to practice in
13 this state as a public accountant or a certified public accountant.

14 In making appointments that conform to the requirements of this
15 subsection, at least one but not more than three members shall be
16 appointed each from paragraphs 2 and 3 of this subsection by the
17 combined appointing authorities.

18 F. Each member of the Board shall serve a term of four (4)
19 years from the date of appointment.

20 G. Members of the Board shall be subject to the following:

21 1. The appointed members shall each receive compensation of
22 Five Hundred Dollars (\$500.00) per month. Appointed members who
23 fail to attend a regularly scheduled meeting of the Board shall not
24 receive the related compensation;

1 2. The appointed members shall be reimbursed for their
2 expenses, according to the State Travel Reimbursement Act, as are
3 incurred in the performance of their duties, which shall be paid
4 from the Health Insurance Reserve Fund;

5 3. In the event an appointed member does not attend at least
6 seventy-five percent (75%) of the regularly scheduled meetings of
7 the Board during a calendar year, the appointing authority may
8 remove the member;

9 4. A member may also be removed for any other cause as provided
10 by law;

11 5. No Board member shall be individually or personally liable
12 for any action of the Board; and

13 6. Participation on the Board is contingent upon maintaining
14 all necessary annual training as may be required through the Health
15 Insurance Portability and Accountability Act of 1996, Medicare
16 contracting requirements or other statutory or regulatory
17 guidelines.

18 H. The Board shall meet as often as necessary to conduct
19 business but shall meet no less than four times a year, with an
20 organizational meeting to be held prior to December 1, 2012. The
21 organizational meeting shall be called by the Insurance
22 Commissioner. A majority of the members of the Board shall
23 constitute a quorum for the transaction of business, and any
24

1 official action of the Board must have a favorable vote by a
2 majority of the members of the Board present.

3 I. Except as otherwise provided in this subsection, no member
4 of the Board shall be a lobbyist registered in this state as
5 provided by law, or be employed directly or indirectly by any firm
6 or health care provider under contract to the State and Education
7 Employees Group Insurance Board, the Oklahoma State Employees
8 Benefits Council, or the Oklahoma Employees Insurance and Benefits
9 Board, or any benefit program under its jurisdiction, for any goods
10 or services whatsoever. Any physician member of the Board shall not
11 be subject to the provisions of this subsection.

12 J. Any vacancy occurring on the Board shall be filled for the
13 unexpired term of office in the same manner as provided for in
14 subsection D of this section.

15 K. The Board shall act in accordance with the provisions of the
16 Oklahoma Open Meeting Act, the Oklahoma Open Records Act and the
17 Administrative Procedures Act.

18 L. The Administrative Director of the Courts shall designate
19 grievance panel members as shall be necessary. The members of the
20 grievance panel shall consist of two attorneys licensed to practice
21 law in this state and one state licensed health care professional or
22 health care administrator who has at least three (3) years practical
23 experience, has had or has admitting privileges to a hospital in
24 this state, has a working knowledge of prescription medication, or

1 has worked in an administrative capacity at some point in their
2 career. The state health care professional shall be appointed by
3 the Governor. At the Governor's discretion, one or more qualified
4 individuals may also be appointed as an alternate to serve on the
5 grievance panel in the event the Governor's primary appointee
6 becomes unable to serve.

7 M. The Office of Management and Enterprise Services shall have
8 the following duties, responsibilities and authority with respect to
9 the administration of the flexible benefits plan authorized pursuant
10 to the State Employees Flexible Benefits Act:

11 1. To construe and interpret the plan, and decide all questions
12 of eligibility in accordance with the Oklahoma State Employees
13 Benefits Act and 26 U.S.C.A., Section 1 et seq.;

14 2. To select those benefits which shall be made available to
15 participants under the plan, according to the Oklahoma State
16 Employees Benefits Act, and other applicable laws and rules;

17 3. To prescribe procedures to be followed by participants in
18 making elections and filing claims under the plan;

19 4. Beginning with the plan year which begins on January 1,
20 2013, to select and contract with one or more providers to offer a
21 group TRICARE Supplement product to eligible employees who are
22 eligible TRICARE beneficiaries. Any membership dues required to
23 participate in a group TRICARE Supplement product offered pursuant
24 to this paragraph shall be paid by the employee. As used in this

1 paragraph, "TRICARE" means the Department of Defense health care
2 program for active duty and retired service members and their
3 families;

4 5. To prepare and distribute information communicating and
5 explaining the plan to participating employers and participants.
6 Health Maintenance Organizations or other third-party insurance
7 vendors may be directly or indirectly involved in the distribution
8 of communicated information to participating state agency employers
9 and state employee participants subject to the following condition:
10 the Board shall verify all marketing and communications information
11 for factual accuracy prior to distribution;

12 6. To receive from participating employers and participants
13 such information as shall be necessary for the proper administration
14 of the plan, and any of the benefits offered thereunder;

15 7. To furnish the participating employers and participants such
16 annual reports with respect to the administration of the plan as are
17 reasonable and appropriate;

18 8. To keep reports of benefit elections, claims and
19 disbursements for claims under the plan;

20 9. To negotiate for best and final offer through competitive
21 negotiation with the assistance and through the purchasing
22 procedures adopted by the Office of Management and Enterprise
23 Services and contract with federally qualified health maintenance
24 organizations under the provisions of 42 U.S.C., Section 300e et

1 seq., or with Health Maintenance Organizations granted a certificate
2 of authority by the Insurance Commissioner pursuant to the Health
3 Maintenance Reform Act of 2003 for consideration by participants as
4 an alternative to the health plans offered by the Oklahoma Employees
5 Insurance and Benefits Board, and to transfer to the health
6 maintenance organizations such funds as may be approved for a
7 participant electing health maintenance organization alternative
8 services. The Board may also select and contract with a vendor to
9 offer a point-of-service plan. An HMO may offer coverage through a
10 point-of-service plan, subject to the guidelines established by the
11 Board. However, if the Board chooses to offer a point-of-service
12 plan, then a vendor that offers both an HMO plan and a point-of-
13 service plan may choose to offer only its point-of-service plan in
14 lieu of offering its HMO plan. The Board may, however, renegotiate
15 rates with successful bidders after contracts have been awarded if
16 there is an extraordinary circumstance. An extraordinary
17 circumstance shall be limited to insolvency of a participating
18 health maintenance organization or point-of-service plan,
19 dissolution of a participating health maintenance organization or
20 point-of-service plan or withdrawal of another participating health
21 maintenance organization or point-of-service plan at any time during
22 the calendar year. Nothing in this section of law shall be
23 construed to permit either party to unilaterally alter the terms of
24 the contract;

1 10. To retain as confidential information the initial Request
2 For Proposal offers as well as any subsequent bid offers made by the
3 health plans prior to final contract awards as a part of the best
4 and final offer negotiations process for the benefit plan;

5 11. To promulgate administrative rules for the competitive
6 negotiation process;

7 12. To require vendors offering coverage to provide such
8 enrollment and claims data as is determined by the Board. The Board
9 shall be authorized to retain as confidential any proprietary
10 information submitted in response to the Board's Request For
11 Proposal. Provided, however, that any such information requested by
12 the Board from the vendors shall only be subject to the
13 confidentiality provision of this paragraph if it is clearly
14 designated in the Request For Proposal as being protected under this
15 provision. All requested information lacking such a designation in
16 the Request For Proposal shall be subject to Section 24A.1 et seq.
17 of Title 51 of the Oklahoma Statutes. From health maintenance
18 organizations, data provided shall include the current Health Plan
19 Employer Data and Information Set (HEDIS);

20 13. To authorize the purchase of any insurance deemed necessary
21 for providing benefits under the plan including indemnity dental
22 plans, provided that the only indemnity health plan selected by the
23 Board shall be the indemnity plan offered by the Board, and to
24 transfer to the Board such funds as may be approved for a

1 participant electing a benefit plan offered by the Board. All
2 indemnity dental plans shall meet or exceed the following
3 requirements:

4 a. they shall have a statewide provider network,

5 b. they shall provide benefits which shall reimburse the
6 expense for the following types of dental procedures:

7 (1) diagnostic,

8 (2) preventative,

9 (3) restorative,

10 (4) endodontic,

11 (5) periodontic,

12 (6) prosthodontics,

13 (7) oral surgery,

14 (8) dental implants,

15 (9) dental prosthetics, and

16 (10) orthodontics, and

17 c. they shall provide an annual benefit of not less than
18 One Thousand Five Hundred Dollars (\$1,500.00) for all
19 services other than orthodontic services, and a
20 lifetime benefit of not less than One Thousand Five
21 Hundred Dollars (\$1,500.00) for orthodontic services;

22 14. To communicate deferred compensation programs as provided
23 in Section 1701 of Title 74 of the Oklahoma Statutes;

24

1 15. To assess and collect reasonable fees from contracted
2 health maintenance organizations and third-party insurance vendors
3 to offset the costs of administration;

4 16. To accept, modify or reject elections under the plan in
5 accordance with the Oklahoma State Employees Benefits Act and 26
6 U.S.C.A., Section 1 et seq.;

7 17. To promulgate election and claim forms to be used by
8 participants;

9 18. To adopt rules requiring payment for medical and dental
10 services and treatment rendered by duly licensed hospitals,
11 physicians and dentists. Unless the Board has otherwise contracted
12 with the out-of-state health care provider, the Board shall
13 reimburse for medical services and treatment rendered and charged by
14 an out-of-state health care provider at least at the same percentage
15 level as the network percentage level of the fee schedule
16 established by the Oklahoma Employees Insurance and Benefits Board
17 if the insured employee was referred to the out-of-state health care
18 provider by a physician or it was an emergency situation and the
19 out-of-state provider was the closest in proximity to the place of
20 residence of the employee which offers the type of health care
21 services needed. For purposes of this paragraph, health care
22 providers shall include, but not be limited to, physicians,
23 dentists, hospitals and special care facilities;

24

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

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

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

9 21. To intercept monies owing to plan participants from other
10 state agencies, when those participants in turn owe money to the
11 Office of Management and Enterprise Services, and to ensure that the
12 participants are afforded due process of law.

13 N. Except for a breach of fiduciary obligation, a Board member
14 shall not be individually or personally responsible for any action
15 of the Board.

16 O. The Board shall operate in an advisory capacity to the
17 Office of Management and Enterprise Services.

18 P. The members of the Board shall not accept gifts or
19 gratuities from an individual organization with a value in excess of
20 Ten Dollars (\$10.00) per year. The provisions of this section shall
21 not be construed to prevent the members of the Board from attending
22 educational seminars, conferences, meetings or similar functions.

23

24

1 SECTION 3. AMENDATORY 74 O.S. 2011, Section 1308.3, as
2 amended by Section 1, Chapter 352, O.S.L. 2012 (74 O.S. Supp. 2012,
3 Section 1308.3), is amended to read as follows:

4 Section 1308.3 Any active employee eligible to participate or
5 who is a participant may opt out of the state's basic plan as
6 outlined in Sections 1370 and 1371 of this title, or may opt out of
7 the health and dental basic plan options only and retain the life
8 and disability plan benefits, provided that the participant is
9 currently covered by a separate group health insurance plan or will
10 be covered by a separate group health insurance plan at or before
11 the beginning of the next plan year. Any active employee eligible
12 to participate or who is a participant opting out of coverage
13 pursuant to this section shall provide proof of the separate health
14 insurance plan participation and sign an affidavit attesting that
15 the participant is currently covered and does not require state-
16 provided health insurance each plan year. Any active employee
17 opting out of ~~coverage~~ the state's basic plan or the health and
18 dental basic plan options pursuant to this section shall receive One
19 Hundred Fifty Dollars (\$150.00) in lieu of the flexible benefit
20 amount the employee would be otherwise eligible to receive. Any
21 savings realized by the state as a result of a participant opting
22 out of health insurance plan coverage shall be retained by the
23 state.

24

1 SECTION 4. AMENDATORY 74 O.S. 2011, Section 1370, as
2 amended by Section 18, Chapter 303, O.S.L. 2012 (74 O.S. Supp. 2012,
3 Section 1370), is amended to read as follows:

4 Section 1370. A. Subject to the requirement that a participant
5 must elect the default benefits, the basic plan, or is a person who
6 has retired from a branch of the United States military and has been
7 provided with health care through a federal plan, to the extent that
8 it is consistent with federal law, or is an active employee who is
9 eligible to participate and who is a participant who has opted out
10 of the state's basic plan according to the provisions of Section
11 1308.3 of this title, and provides proof of this coverage, flexible
12 benefit dollars may be used to purchase any of the benefits offered
13 by the Oklahoma State Employees Benefits Council under the flexible
14 benefits plan. A participant who has opted out of the state's basic
15 plan and provided proof of other coverage as described in this
16 subsection shall receive One Hundred Fifty Dollars (\$150.00) in lieu
17 of the flexible benefit monthly. A participant's flexible benefit
18 dollars for a plan year shall consist of the sum of (1) flexible
19 benefit allowance credited to a participant by the participating
20 employer, and (2) pay conversion dollars elected by a participant.

21 B. Each participant shall be credited annually with a specified
22 amount as a flexible benefit allowance which shall be available for
23 the purchase of benefits. For participants on a biweekly payroll
24 system the disbursement of the flexible benefit allowance shall be

1 credited over twenty-four pay periods resulting in two pay periods
2 that do not reflect a credit. The amount of the flexible benefit
3 allowance credited to each participant shall be communicated to him
4 or her prior to the enrollment period for each plan year.

5 C. Except as provided in subsection D of this section, for the
6 plan year beginning January 1, 2013, the benefit allowance shall not
7 be less than the Plan Year 2012 benefit allowance amounts, and each
8 plan year thereafter, the amount of a participant's benefit
9 allowance, which shall be the total amount the employer contributes
10 for the payment of insurance premiums or other benefits, shall be:

11 1. The greater of the amount of benefit which the participant
12 would have qualified for as of plan year 2012, or an amount equal to
13 the monthly premium of the HealthChoice High Option plan, the
14 average monthly premiums of the dental plans, the monthly premium of
15 the disability plan, and the monthly premium of the basic life
16 insurance plan offered to state employees or the amount determined
17 by the Council based on a formula for determining a participant's
18 benefit credits consistent with the requirements of 26 U.S.C.,
19 Section 125(g) (2) and regulations thereunder; or

20 2. The greater of the amount of benefit which the participant
21 would have qualified for as of plan year 2012 or an amount equal to
22 the monthly premium of the HealthChoice High Option plan, the
23 average monthly premiums of the dental plans, the monthly premium of
24 the disability plan, and the monthly premium of the basic life

1 insurance plan offered to state employees plus one of the additional
2 amounts as follows for participants who elect to include one or more
3 dependents:

4 a. for a spouse, seventy-five percent (75%) of the
5 HealthChoice High Option plan, available for coverage
6 of a spouse,

7 b. for one child, seventy-five percent (75%) of the
8 HealthChoice High Option plan, for coverage of one
9 child,

10 c. for two or more children, seventy-five percent (75%)
11 of the HealthChoice High Option plan, for coverage of
12 two or more children,

13 d. for a spouse and one child, seventy-five percent (75%)
14 of the HealthChoice High Option plan, for coverage of
15 a spouse and one child, or

16 e. for a spouse and two or more children, seventy-five
17 percent (75%) of the HealthChoice High Option plan,
18 for coverage of a spouse and two or more children.

19 D. To the extent that it is consistent with federal laws and
20 regulations, and in particular the regulations set forth by the
21 Secretary of Defense in 32 C.F.R. Section 199.8(d)(6), a benefit may
22 be provided to an employee who is an eligible TRICARE beneficiary
23 whereby he or she may purchase a group TRICARE Supplemental product
24

1 under a qualifying cafeteria plan consistent with the requirements
2 of 26 U.S.C., Section 125, provided that:

3 1. The state, as employer may not provide any payment for nor
4 receive any consideration or compensation for offering the benefit;

5 2. The employer's only involvement is in providing the
6 administrative support for the benefit under the cafeteria plan; and

7 3. The employee's participation in the plan is completely
8 voluntary.

9 The benefit allowance under paragraph 2 of subsection C of this
10 section of an employee whose plan participation includes a group
11 TRICARE Supplemental benefit shall not include any allowance or
12 portion thereof for such TRICARE Supplemental benefit.

13 E. This section shall not prohibit payments for supplemental
14 health insurance coverage made pursuant to Section 1314.4 of this
15 title or payments for the cost of providing health insurance
16 coverage for dependents of employees of the Grand River Dam
17 Authority.

18 F. If a participant desires to buy benefits whose sum total of
19 benefit prices is in excess of his or her flexible benefit
20 allowance, the participant may elect to use pay conversion dollars
21 to purchase such excess benefits. Pay conversion dollars may be
22 elected through a salary reduction agreement made pursuant to the
23 election procedures of Section 1371 of this title. The elected
24 amount shall be deducted from the participant's compensation in

1 equal amounts each pay period, with the exception of participants on
2 a biweekly payroll system, where such deduction shall occur over
3 twenty-four pay periods over the plan year. On termination of
4 employment during a plan year, a participant shall have no
5 obligation to pay the participating employer any pay conversion
6 dollars allocated to the portion of the plan year after the
7 participant's termination of employment.

8 G. If a participant elects benefits whose sum total of benefit
9 prices is less than his or her flexible benefit allowance, he or she
10 shall receive any excess flexible benefit allowance as taxable
11 compensation. Such taxable compensation will be paid in
12 substantially equal amounts each pay period, with the exception of
13 participants on a biweekly payroll system, where such deduction
14 shall occur over twenty-four pay periods over the plan year. On
15 termination during a plan year, a participant shall have no right to
16 receive any such taxable cash compensation allocated to the portion
17 of the plan year after the participant's termination. Nothing
18 herein shall affect a participant's obligation to elect the minimum
19 benefits or to accept the default benefits of the plan with
20 corresponding reduction in the sum of his or her flexible benefit
21 allowance equal to the sum total benefit price of such minimum
22 benefits or default benefits.

23

24

1 SECTION 5. This act shall become effective November 1, 2013.

2
3 54-1-1695 GL 4/10/2013 10:57:01 AM
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24