

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 54th Legislature (2013)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 1107

By: Mulready and Murphey

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8 COMMITTEE SUBSTITUTE

9 An Act relating to state employee benefits; amending
10 68 O.S. 2011, Section 205.2, as amended by Section 1,
11 Chapter 256, O.S.L. 2012 (68 O.S. Supp. 2012, Section
12 205.2), which relates to claims against state income
13 tax refunds; modifying what claims are exempt;
14 amending 74 O.S. 2011, Sections 1304.1, as amended by
15 Section 14, Chapter 303, O.S.L. 2012 and 1308.3, as
16 amended by Section 1, Chapter 352, O.S.L. 2012 (74
17 O.S. Supp. 2012, Sections 1304.1 and 1308.3), which
18 relate to the Oklahoma Employees Insurance and
19 Benefits Act; authorizing the Office of Management
20 and Enterprise Services to intercept certain monies;
21 modifying what benefits an employee may opt out of;
22 amending 74 O.S. 2011, Section 1370, as amended by
23 Section 18, Chapter 303, O.S.L. 2012 (74 O.S. Supp.
24 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 256, 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 or a
5 district court seeking to collect a debt, unpaid fines and cost or
6 final judgment of at least Fifty Dollars (\$50.00) from an individual
7 who has filed a state income tax return may file a claim with the
8 Oklahoma Tax Commission requesting that the amount owed to the
9 agency, a municipal court or a district court be deducted from any
10 state income tax refund due to that individual. The claim shall be
11 filed electronically in a form prescribed by the Tax Commission and
12 shall contain information necessary to identify the person owing the
13 debt, including the full name and Social Security number of the
14 debtor.

15 1. Upon receiving a claim from a state agency, the municipal
16 court or a district court, the Tax Commission shall deduct the claim
17 amount, plus collection expenses as provided in this section, from
18 the tax refund due to the debtor and transfer the amount to the
19 municipal court, the district court or the agency. Provided, the
20 Tax Commission need not report available funds of less than Fifty
21 Dollars (\$50.00).

22 2. The state agency, the municipal court or the district court
23 shall send notice to the debtor by regular mail at the last-known
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1 address of the debtor as shown by the records of the Tax Commission
2 when seeking to collect a debt not reduced to final judgment. The
3 state agency, the municipal court or the district court shall send
4 notice to the judgment debtor or municipal court defendant by first
5 class mail at the last-known address of the judgment debtor or
6 municipal court defendant as shown by the records of the Tax
7 Commission when seeking to collect a final judgment or unpaid
8 municipal fines and cost. The Tax Commission shall provide in an
9 agreed electronic format to the Department of Human Services the
10 amount withheld by the Tax Commission, the home address and the
11 Social Security number of the taxpayer. The notice shall state:

- 12 a. that a claim has been filed with the Tax Commission
13 for any portion of the tax refund due to the debtor or
14 municipal court defendant which would satisfy the
15 debt, unpaid municipal fines and cost, or final
16 judgment in full or in part,
- 17 b. the basis for the claim,
- 18 c. that the Tax Commission has deducted an amount from
19 the refund and remitted it to such state agency,
20 municipal court or district court,
- 21 d. that the debtor or municipal court defendant has the
22 right to contest the claim by sending a written
23 request to the state agency, the municipal court or
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1 the district court for a hearing to protest the claim,
2 and if the debtor or municipal court defendant fails
3 to apply for a hearing within sixty (60) days after
4 the date of the mailing of the notice, the debtor or
5 municipal court defendant shall be deemed to have
6 waived his or her opportunity to contest the claim.
7 Provided, if the claim was filed by the Department of
8 Human Services, the notice shall state that the debtor
9 must contest the claim by sending a written request to
10 the Department within thirty (30) days after the date
11 of the mailing of the notice,

12 e. that a collection expense of five percent (5%) of the
13 gross proceeds owed to the state agency, municipal
14 court or district court has been charged to the debtor
15 or municipal court defendant and withheld from the
16 refund.

17 3. If the state agency, municipal court or district court
18 determines that a refund is due to the taxpayer, the state agency,
19 municipal court or district court shall reimburse the amount claimed
20 plus the five-percent collection expense to the taxpayer. The state
21 agency, municipal court or district court may request reimbursement
22 of the two-percent collection expense retained by the Tax
23 Commission. Such request must be made within ninety (90) days of
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1 reimbursement to the taxpayer. If timely requested, the Tax
2 Commission shall make such reimbursement to the state agency,
3 municipal court or district court within ninety (90) days of the
4 request.

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

- 6 a. the name of any taxpayer named in the return against
7 whom no debt, no unpaid fines and cost, or final
8 judgment is claimed,
- 9 b. the fact that a debt, unpaid municipal fines and cost,
10 or final judgment is not claimed against the taxpayer,
- 11 c. the fact that the taxpayer is entitled to receive a
12 refund if it is due regardless of the debt, municipal
13 fines and cost, or final judgment asserted against the
14 debtor or municipal court defendant,
- 15 d. that in order to obtain the refund due, the taxpayer
16 must apply, in writing, for a hearing with the
17 municipal court, district court, or the agency named
18 in the notice within sixty (60) days after the date of
19 the mailing of the notice. Provided, if the claim was
20 filed by the Department of Human Services, the notice
21 shall state that the taxpayer must apply, in writing,
22 for a hearing with the Department within thirty (30)
23 days after the date of the mailing of the notice, and
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1 e. if the taxpayer against whom no debt, no unpaid
2 municipal fines and cost, or final judgment is claimed
3 fails to apply in writing for a hearing within sixty
4 (60) days after the mailing of the notice, the
5 taxpayer shall have waived his or her right to a
6 refund. Provided, if the claim was filed by the
7 Department of Human Services, the notice shall state
8 that if the taxpayer fails to apply in writing for a
9 hearing with the Department within thirty (30) days
10 after the date of the mailing of the notice, the
11 taxpayer shall have waived his or her right to a
12 refund.

13 B. If the municipal court, district court or agency asserting
14 the claim receives a written request for a hearing from the debtor
15 or taxpayer against whom no debt, no municipal fines and cost, or
16 final judgment is claimed, the agency, the municipal court or the
17 district court shall grant a hearing according to the provisions of
18 the Administrative Procedures Act, Section 250 et seq. of Title 75
19 of the Oklahoma Statutes. It shall be determined at the hearing
20 whether the claimed sum is correct or whether an adjustment to the
21 claim shall be made. Pending final determination at the hearing of
22 the validity of the debt, unpaid fines and cost, or final judgment
23 asserted by the municipal court, the district court or the agency,

1 no action shall be taken in furtherance of the collection of the
2 debt, unpaid fines and cost, or final judgment. Appeals from
3 actions taken at the hearing shall be in accordance with the
4 provisions of the Administrative Procedures Act.

5 C. Upon final determination at a hearing, as provided for in
6 subsection B of this section, of the amount of the debt, unpaid
7 fines and cost, or final judgment, or upon failure of the debtor or
8 taxpayer against whom no debt, no unpaid fines and cost, or final
9 judgment is claimed to request such a hearing, the municipal court,
10 the district court or the agency shall apply the amount of the claim
11 to the debt owed. Any amounts held by the municipal court, district
12 court, or agency in excess of the final determination of the debt
13 and collection expense shall be refunded by the municipal court,
14 district court, or agency to the taxpayer. However, if the tax
15 refund due is inadequate to pay the collection expense and debt,
16 unpaid fines and cost, or final judgment, the balance due the state
17 agency, the municipal court, or the district court shall be a
18 continuing debt or final judgment until paid in full.

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

21 1. Deduct from the refund five percent (5%) of the gross
22 proceeds owed to the state agency, the municipal court or district
23 court and distribute it by retaining two percent (2%) and
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1 transferring three percent (3%) to the municipal court, the district
2 court or the state agency as an expense of collection. The two
3 percent (2%) retained by the Tax Commission shall be deposited in
4 the Oklahoma Tax Commission Fund;

5 2. Transfer the amount of the claimed debt, unpaid fines and
6 cost, or final judgment or so much thereof as is available to the
7 state agency, municipal court or the district court;

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

10 4. Refund to the debtor any balance remaining after deducting
11 the collection expense and debt, unpaid fines and cost, or final
12 judgment.

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

17 F. The Tax Commission shall have first priority over all other
18 agencies, municipal courts or district courts when the Tax
19 Commission is collecting a debt, municipal court fines and cost, or
20 final judgment pursuant to the provisions of this section.

21 Subsequent to the Tax Commission priority, a claim filed by the
22 Department of Human Services for the collection of child support and
23 spousal support shall have priority over all other claims filed

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1 pursuant to this section. Priority in multiple claims by other
2 agencies, municipal courts or district courts pursuant to the
3 provisions of this section shall be in the order in time, in which
4 the Tax Commission receives the claim from the agencies, municipal
5 courts and district courts required by the provisions of subsection
6 A of this section.

7 G. The Tax Commission shall prescribe or approve forms and
8 promulgate rules and regulations for implementing the provisions of
9 this section.

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

22 I. The Tax Commission may employ the procedures provided by
23 this section in order to collect a debt owed to the Internal Revenue
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1 Service if the Internal Revenue Service requires such procedure as a
2 condition to providing information to the Commission concerning
3 federal income tax.

4 J. The provisions of this section shall not apply to claims
5 filed under the provisions of Section 2906 or Section 5011 of this
6 title unless said health care or medical services were rendered,
7 induced, or otherwise obtained as a result of fraud, breach of
8 contract, error, ineligibility or any illegal or unauthorized means.

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

12 Section 1304.1 A. The State and Education Employees Group
13 Insurance Board and the Oklahoma State Employees Benefits Council
14 are hereby abolished. Wherever the State and Education Employees
15 Group Insurance Board and the Oklahoma State Employees Benefits
16 Council are referenced in law, that reference shall be construed to
17 mean the Oklahoma Employees Insurance and Benefits Board.

18 B. There is hereby created the Oklahoma Employees Insurance and
19 Benefits Board.

20 C. The chair and vice-chair shall be elected by the Board
21 members at the first meeting of the Board and shall preside over
22 meetings of the Board and perform other duties as may be required by
23 the Board. Upon the resignation or expiration of the term of the
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1 chair or vice-chair, the members shall elect a chair or vice-chair.

2 The Board shall elect one of its members to serve as secretary.

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

5 1. The State Insurance Commissioner, or designee;

6 2. Four members shall be appointed by the Governor;

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

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

11 E. The appointed members shall:

12 1. Have demonstrated professional experience in investment or
13 funds management, public funds management, public or private group
14 health or pension fund management, or group health insurance
15 management;

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

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

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

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

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

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

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

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

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

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

20 6. Participation on the Board is contingent upon maintaining
21 all necessary annual training as may be required through the Health
22 Insurance Portability and Accountability Act of 1996, Medicare
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1 contracting requirements or other statutory or regulatory
2 guidelines.

3 H. The Board shall meet as often as necessary to conduct
4 business but shall meet no less than four times a year, with an
5 organizational meeting to be held prior to December 1, 2012. The
6 organizational meeting shall be called by the Insurance
7 Commissioner. A majority of the members of the Board shall
8 constitute a quorum for the transaction of business, and any
9 official action of the Board must have a favorable vote by a
10 majority of the members of the Board present.

11 I. Except as otherwise provided in this subsection, no member
12 of the Board shall be a lobbyist registered in this state as
13 provided by law, or be employed directly or indirectly by any firm
14 or health care provider under contract to the State and Education
15 Employees Group Insurance Board, the Oklahoma State Employees
16 Benefits Council, or the Oklahoma Employees Insurance and Benefits
17 Board, or any benefit program under its jurisdiction, for any goods
18 or services whatsoever. Any physician member of the Board shall not
19 be subject to the provisions of this subsection.

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

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1 K. The Board shall act in accordance with the provisions of the
2 Oklahoma Open Meeting Act, the Oklahoma Open Records Act and the
3 Administrative Procedures Act.

4 L. The Administrative Director of the Courts shall designate
5 grievance panel members as shall be necessary. The members of the
6 grievance panel shall consist of two attorneys licensed to practice
7 law in this state and one state licensed health care professional or
8 health care administrator who has at least three (3) years practical
9 experience, has had or has admitting privileges to a hospital in
10 this state, has a working knowledge of prescription medication, or
11 has worked in an administrative capacity at some point in their
12 career. The state health care professional shall be appointed by
13 the Governor. At the Governor's discretion, one or more qualified
14 individuals may also be appointed as an alternate to serve on the
15 grievance panel in the event the Governor's primary appointee
16 becomes unable to serve.

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

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

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

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

6 4. Beginning with the plan year which begins on January 1,
7 2013, to select and contract with one or more providers to offer a
8 group TRICARE Supplement product to eligible employees who are
9 eligible TRICARE beneficiaries. Any membership dues required to
10 participate in a group TRICARE Supplement product offered pursuant
11 to this paragraph shall be paid by the employee. As used in this
12 paragraph, "TRICARE" means the Department of Defense health care
13 program for active duty and retired service members and their
14 families;

15 5. To prepare and distribute information communicating and
16 explaining the plan to participating employers and participants.
17 Health Maintenance Organizations or other third-party insurance
18 vendors may be directly or indirectly involved in the distribution
19 of communicated information to participating state agency employers
20 and state employee participants subject to the following condition:
21 the Board shall verify all marketing and communications information
22 for factual accuracy prior to distribution;

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

4 7. To furnish the participating employers and participants such
5 annual reports with respect to the administration of the plan as are
6 reasonable and appropriate;

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

9 9. To negotiate for best and final offer through competitive
10 negotiation with the assistance and through the purchasing
11 procedures adopted by the Office of Management and Enterprise
12 Services and contract with federally qualified health maintenance
13 organizations under the provisions of 42 U.S.C., Section 300e et
14 seq., or with Health Maintenance Organizations granted a certificate
15 of authority by the Insurance Commissioner pursuant to the Health
16 Maintenance Reform Act of 2003 for consideration by participants as
17 an alternative to the health plans offered by the Oklahoma Employees
18 Insurance and Benefits Board, and to transfer to the health
19 maintenance organizations such funds as may be approved for a
20 participant electing health maintenance organization alternative
21 services. The Board may also select and contract with a vendor to
22 offer a point-of-service plan. An HMO may offer coverage through a
23 point-of-service plan, subject to the guidelines established by the

1 Board. However, if the Board chooses to offer a point-of-service
2 plan, then a vendor that offers both an HMO plan and a point-of-
3 service plan may choose to offer only its point-of-service plan in
4 lieu of offering its HMO plan. The Board may, however, renegotiate
5 rates with successful bidders after contracts have been awarded if
6 there is an extraordinary circumstance. An extraordinary
7 circumstance shall be limited to insolvency of a participating
8 health maintenance organization or point-of-service plan,
9 dissolution of a participating health maintenance organization or
10 point-of-service plan or withdrawal of another participating health
11 maintenance organization or point-of-service plan at any time during
12 the calendar year. Nothing in this section of law shall be
13 construed to permit either party to unilaterally alter the terms of
14 the contract;

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

19 11. To promulgate administrative rules for the competitive
20 negotiation process;

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

11 13. To authorize the purchase of any insurance deemed necessary
12 for providing benefits under the plan including indemnity dental
13 plans, provided that the only indemnity health plan selected by the
14 Board shall be the indemnity plan offered by the Board, and to
15 transfer to the Board such funds as may be approved for a
16 participant electing a benefit plan offered by the Board. All
17 indemnity dental plans shall meet or exceed the following
18 requirements:

- 19 a. they shall have a statewide provider network,
20 b. they shall provide benefits which shall reimburse the
21 expense for the following types of dental procedures:
22 (1) diagnostic,
23 (2) preventative,

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- 1 (3) restorative,
- 2 (4) endodontic,
- 3 (5) periodontic,
- 4 (6) prosthodontics,
- 5 (7) oral surgery,
- 6 (8) dental implants,
- 7 (9) dental prosthetics, and
- 8 (10) orthodontics, and

9 c. they shall provide an annual benefit of not less than
10 One Thousand Five Hundred Dollars (\$1,500.00) for all
11 services other than orthodontic services, and a
12 lifetime benefit of not less than One Thousand Five
13 Hundred Dollars (\$1,500.00) for orthodontic services;

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

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

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

22 17. To promulgate election and claim forms to be used by
23 participants;

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

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

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

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

7 N. Except for a breach of fiduciary obligation, a Board member
8 shall not be individually or personally responsible for any action
9 of the Board.

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

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

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

20 Section 1308.3 Any active employee eligible to participate or
21 who is a participant may opt out of the state's basic plan as
22 outlined in Sections 1370 and 1371 of this title, or may opt out of
23 the health and dental basic plan options only and retain the life

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

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

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

14 B. Each participant shall be credited annually with a specified
15 amount as a flexible benefit allowance which shall be available for
16 the purchase of benefits. For participants on a biweekly payroll
17 system the disbursement of the flexible benefit allowance shall be
18 credited over twenty-four pay periods resulting in two pay periods
19 that do not reflect a credit. The amount of the flexible benefit
20 allowance credited to each participant shall be communicated to him
21 or her prior to the enrollment period for each plan year.

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

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

14 2. The greater of the amount of benefit which the participant
15 would have qualified for as of plan year 2012 or an amount equal to
16 the monthly premium of the HealthChoice High Option plan, the
17 average monthly premiums of the dental plans, the monthly premium of
18 the disability plan, and the monthly premium of the basic life
19 insurance plan offered to state employees plus one of the additional
20 amounts as follows for participants who elect to include one or more
21 dependents:
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- 1 a. for a spouse, seventy-five percent (75%) of the
2 HealthChoice High Option plan, available for coverage
3 of a spouse,
4 b. for one child, seventy-five percent (75%) of the
5 HealthChoice High Option plan, for coverage of one
6 child,
7 c. for two or more children, seventy-five percent (75%)
8 of the HealthChoice High Option plan, for coverage of
9 two or more children,
10 d. for a spouse and one child, seventy-five percent (75%)
11 of the HealthChoice High Option plan, for coverage of
12 a spouse and one child, or
13 e. for a spouse and two or more children, seventy-five
14 percent (75%) of the HealthChoice High Option plan,
15 for coverage of a spouse and two or more children.

16 D. To the extent that it is consistent with federal laws and
17 regulations, and in particular the regulations set forth by the
18 Secretary of Defense in 32 C.F.R. Section 199.8(d)(6), a benefit may
19 be provided to an employee who is an eligible TRICARE beneficiary
20 whereby he or she may purchase a group TRICARE Supplemental product
21 under a qualifying cafeteria plan consistent with the requirements
22 of 26 U.S.C., Section 125, provided that:

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

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

5 3. The employee's participation in the plan is completely
6 voluntary.

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

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

16 F. If a participant desires to buy benefits whose sum total of
17 benefit prices is in excess of his or her flexible benefit
18 allowance, the participant may elect to use pay conversion dollars
19 to purchase such excess benefits. Pay conversion dollars may be
20 elected through a salary reduction agreement made pursuant to the
21 election procedures of Section 1371 of this title. The elected
22 amount shall be deducted from the participant's compensation in
23 equal amounts each pay period, with the exception of participants on
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1 a biweekly payroll system, where such deduction shall occur over
2 twenty-four pay periods over the plan year. On termination of
3 employment during a plan year, a participant shall have no
4 obligation to pay the participating employer any pay conversion
5 dollars allocated to the portion of the plan year after the
6 participant's termination of employment.

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

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

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3 COMMITTEE REPORT BY: COMMITTEE ON INSURANCE, dated 02/27/2013 - DO
4 PASS, As Amended and Coauthored.
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