HOUSE OF REPRESENTATIVES - FLOOR VERSION

STATE OF OKLAHOMA

2nd Session of the 54th Legislature (2014)

ENGROSSED SENATE
BILL NO. 1858 By: Treat of the Senate

and

Echols of the House

An Act relating to insurance; amending 11 O.S. 2011, Section 23-108, which relates to insurance for municipal employees; clarifying language; specifying plans that retirees may continue to participate in; removing limitation on the health insurance premiums for retired employees; broadening the plans a municipality may offer to retired employees; and providing an effective date.

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

SECTION 1. AMENDATORY 11 O.S. 2011, Section 23-108, is amended to read as follows:

Section 23-108. A. A municipality may provide hospital and medical benefits, accident, health, and life insurance, or any of the aforesaid, through any company authorized to do business in Oklahoma, for any or all of its officers or employees and their dependents, whether ~~said~~ <u>the</u> officers or employees are engaged in a governmental or nongovernmental function of the municipality. A municipality may also provide such benefits when an officer or

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employee is ordered by proper authority to active duty in the National Guard or Reserve Corps of the Armed Forces of the United States. The municipality may pay a portion or all of ~~said~~ the premiums from any municipal general funds, and may deduct from the wages or salary of any such officer or employee, upon written authority signed by the officer or employee, amounts for the payment of all or any portion of the monthly premium for same.

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

a. "affected municipality" means a municipality that provides hospital and medical benefits, accident and health insurance, or any of the aforesaid, for any or all of its officers or employees and their dependents pursuant to the provisions of subsection A of this section,

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

c. "retired employee" means any officer or employee of an affected municipality who receives a continuing benefit pursuant to the provisions of the Oklahoma Public Employees Retirement System, a municipal retirement system authorized pursuant to the

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provisions of Section 48-101 et seq. of this title, the Oklahoma Firefighters Pension and Retirement System, or the Oklahoma Police Pension and Retirement System, and who began receiving ~~said~~ the benefits immediately after termination of employment, taking into consideration any administrative delays in establishing said continuing benefits, with an affected municipality, provided that the phrase "retired employee" shall include elected officers that have served eight (8) or more years with an affected municipality and the survivor of ~~said~~ the elected officer or officer or employee, and

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

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municipality at the time of the death of ~~said~~ the employee.

2. Notwithstanding any other state or federal law, a retired employee may continue ~~in force the~~ to elect coverage under any health insurance plan offered by the affected municipality that last employed ~~said~~ the retired employee, including any health plans targeted for retirees and Medicare eligible retirees.

3. To participate in the health insurance plan offered by a retired employee's affected municipality, the retired employee shall elect to participate in the health insurance plan within thirty (30) days from the date of termination of employment with ~~said~~ the affected municipality.

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

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

6. An affected municipality that provides a health insurance plan to retired employees pursuant to this subsection ~~shall also~~ may offer one or more, or a combination of one or more of the following health care options or plans in supplement or as an alternate to traditional Medicare coverage: a coordination of benefits plan, a Medicare supplement (Medigap) plan, a Medicare Advantage plan (with or without an optional Medicare Part D prescription drug plan), a Medicare Part D prescription drug plan, or other similar health care options or plans approved by the federal government's Centers for Medicare and Medicaid Services, to those retired employees and their dependents who are ~~over~~ sixty-five (65) years of age or older and/or qualify for Medicare.

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

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

C. Public and private educational institutions of the state not supported by any state appropriated funds may purchase annuity contracts for any of their full-time officers and employees from any insurance company organized and operated without profit to any private shareholder or individual exclusively for the purpose of aiding and strengthening educational institutions, whether or not such company be authorized to do business in Oklahoma.

SECTION 2. This act shall be effective November 1, 2014.

COMMITTEE REPORT BY: COMMITTEE ON INSURANCE, dated 03/31/2014 - DO PASS.

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