STATE OF OKLAHOMA

2nd Session of the 54th Legislature (2014)

SENATE BILL 2047 By: Newberry

AS INTRODUCED

An Act relating to state government; amending 74 O.S. 2011, Section 1370, as last amended by Section 4, Chapter 266, O.S.L. 2013 (74 O.S. Supp. 2013, Section 1370); allowing for certain benefits to spouses; expanding flexible benefit allowance for Health Savings Accounts; providing an effective date.

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

SECTION 1. AMENDATORY 74 O.S. 2011, Section 1370, as last amended by Section 4, Chapter 266, O.S.L. 2013 (74 O.S. Supp. 2013, Section 1370), is amended to read as follows:

Section 1370. A. Subject to the requirement that a participant must elect the default benefits, the basic plan, or is a person who has retired from a branch of the United States military and has been provided with health care through a federal plan, to the extent that it is consistent with federal law, or is an active employee who is eligible to participate and who is a participant who has opted out of the state's basic plan according to the provisions of Section 1308.3 of this title, and provides proof of this coverage, flexible benefit dollars may be used to purchase any of the benefits offered

by the Oklahoma State Employees Benefits Council under the flexible benefits plan. A participant who has opted out of the state's basic plan and provided proof of other coverage as described in this subsection shall receive One Hundred Fifty Dollars ($150.00) in lieu of the flexible benefit monthly. A participant's flexible benefit dollars for a plan year shall consist of the sum of (1) flexible benefit allowance credited to a participant by the participating employer, and (2) pay conversion dollars elected by a participant.

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

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

1. The greater of the amount of benefit which the participant would have qualified for as of plan year 2012, or an amount equal to

the monthly premium of the HealthChoice High Option plan, the average monthly premiums of the dental plans, the monthly premium of the disability plan, and the monthly premium of the basic life insurance plan offered to state employees or the amount determined by the Council based on a formula for determining a participant's benefit credits consistent with the requirements of 26 U.S.C., Section 125(g)(2) and regulations thereunder; or

2. The greater of the amount of benefit which the participant would have qualified for as of plan year 2012 or an amount equal to the monthly premium of the HealthChoice High Option plan, the average monthly premiums of the dental plans, the monthly premium of the disability plan, and the monthly premium of the basic life insurance plan offered to state employees plus one of the additional amounts as follows for participants who elect to include one or more dependents:

a. for a spouse, seventy-five percent (75%) of the HealthChoice High Option plan, <u>including Health Savings Accounts,</u> available for coverage of a spouse,

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

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

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

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

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

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

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

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

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

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

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

G. If a participant elects benefits whose sum total of benefit prices is less than his or her flexible benefit allowance, he or she shall receive any excess flexible benefit allowance as taxable compensation. Such taxable compensation will be paid in substantially equal amounts each pay period, with the exception of

participants on a biweekly payroll system, where such deduction shall occur over twenty-four pay periods over the plan year. On termination during a plan year, a participant shall have no right to receive any such taxable cash compensation allocated to the portion of the plan year after the participant's termination. Nothing herein shall affect a participant's obligation to elect the minimum benefits or to accept the default benefits of the plan with corresponding reduction in the sum of his or her flexible benefit allowance equal to the sum total benefit price of such minimum benefits or default benefits.

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

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