

STATE OF OKLAHOMA

2nd Session of the 52nd Legislature (2010)

2ND CONFERENCE COMMITTEE

SUBSTITUTE

FOR ENGROSSED

HOUSE BILL NO. 1704

By: Derby, Murphey, Pittman,  
Nelson, Tibbs and  
McCullough of the House

and

Coffee of the Senate

2ND CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to state government; amending 74 O.S. 2001, Section 1304, as last amended by Section 2, Chapter 231, O.S.L. 2006 (74 O.S. Supp. 2009, Section 1304), which relates to the creation and duties of the State and Education Employees Group Insurance Board; requiring Board to contract with certain vendor; stating purpose of contract; specifying requirements of program; requiring that program offer certain financial incentives; specifying requirements of financial reward of program; specifying that program shall be voluntary; providing for Internet application of program; requiring collection and review of data in order to determine effectiveness of the program; requiring continuation of the contract under certain conditions; and providing an effective date.

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

1       SECTION 1.       AMENDATORY       74 O.S. 2001, Section 1304, as  
2 last amended by Section 2, Chapter 231, O.S.L. 2006 (74 O.S. Supp.  
3 2009, Section 1304), is amended to read as follows:

4       Section 1304. (1) There is hereby created the State and  
5 Education Employees Group Insurance Board which shall consist of  
6 eight (8) members as follows: The State Insurance Commissioner, or  
7 the Commissioner's designee who shall be an employee of the  
8 Insurance Department, the Director of the Office of State Finance,  
9 two members appointed by the Governor, two members appointed by the  
10 Speaker of the House of Representatives, and two members appointed  
11 by the President Pro Tempore of the Senate. The appointed members  
12 shall each receive compensation of Five Hundred Dollars (\$500.00)  
13 per month. Appointed members who fail to attend a regularly  
14 scheduled monthly meeting of the Board shall not receive the related  
15 monthly compensation. In the event an appointed member does not  
16 attend at least seventy-five percent (75%) of the regularly  
17 scheduled monthly meetings of the Board during a calendar year, the  
18 appointing authority may remove the member. A member may also be  
19 removed for any other cause as provided by law. A vacancy in the  
20 office of the appointed member shall be filled for the unexpired  
21 term of office in the same manner as the original appointment.

22       (2) The initial term of office of the members appointed by the  
23 Governor shall expire on January 14, 1991. The members thereafter  
24 appointed by the Governor shall serve a term of office of four (4)

1 years which is coterminous with the term of office of the office of  
2 the appointing authority.

3 (3) The initial term of office of one of the members appointed  
4 each by the Speaker of the House of Representatives and by the  
5 President Pro Tempore of the Senate shall be for the period ending  
6 June 30, 1992. The initial term of office of the other member  
7 appointed each by the Speaker of the House of Representatives and by  
8 the President Pro Tempore of the Senate shall be for the period  
9 ending June 30, 1994. Thereafter, the term of office of the members  
10 appointed by the Speaker of the House of Representatives and by the  
11 President Pro Tempore of the Senate shall be four (4) years.

12 (4) The appointed members shall:

13 (a) have demonstrated professional experience in investment or  
14 funds management, public funds management, public or private group  
15 health or pension fund management, or group health insurance  
16 management; or

17 (b) be licensed to practice law in this state and have  
18 demonstrated professional experience in commercial matters; or

19 (c) be licensed by the Oklahoma Accountancy Board to practice  
20 in this state as a public accountant or a certified public  
21 accountant.

22 In making appointments that conform to the requirements of this  
23 subsection, at least one (1) but not more than three (3) members  
24

1 shall be appointed each from paragraphs (b) and (c) of this  
2 subsection by the combined appointing authorities.

3 (5) No appointed member of the State and Education Employees  
4 Group Insurance Board shall be a lobbyist registered in this state  
5 as provided by law, a health care provider, a plan participant, be  
6 employed, directly or indirectly, by any insurance company or  
7 carrier, or health care provider, or be employed directly or  
8 indirectly, by any firm under contract to the Board for any goods or  
9 services whatsoever. Provided, however, if an appointed member of  
10 the Board was a plan participant of any insurance plans offered by  
11 the Board at the time the member was appointed to serve as a member  
12 of the Board, and the appointed member of the Board forfeited  
13 participation in the insurance plans in order to serve on the Board,  
14 the member of the Board may resume participation in said insurance  
15 plans upon leaving the Board.

16 (6) The State and Education Employees Group Insurance Board  
17 shall not be subject to the provisions of the Oklahoma Sunset Law,  
18 Section 3901 et seq. of this title.

19 (7) The Attorney General shall furnish the Board with legal  
20 representation.

21 (8) The Court Administrator shall designate grievance panel  
22 members as shall be necessary. The members of the grievance panel  
23 shall consist of two attorneys licensed to practice law in this  
24 state and one state licensed health care professional or health care

1 administrator who has at least three (3) years practical experience,  
2 has had or has admitting privileges to a State of Oklahoma hospital,  
3 has a working knowledge of prescription medication, or has worked in  
4 an administrative capacity at some point in their career. The state  
5 health care professional shall be appointed by the Governor. At the  
6 Governor's discretion, one or more qualified individuals may also be  
7 appointed as an alternate to serve on the grievance panel in the  
8 event the Governor's primary appointee becomes unable to serve.

9 (9) The Board shall at its first meeting elect one of its  
10 members as chair. The chair shall preside over meetings of the  
11 Board and perform such other duties as may be required by the Board.

12 (10) The Board shall elect another member to serve as vice-  
13 chair who shall perform the duties of the chair in the absence of  
14 the latter or upon the inability or refusal to act.

15 (11) The Board shall also elect a secretary who shall keep  
16 minutes of all meetings and who shall certify to actions of the  
17 Board.

18 (12) The Board shall adopt rules requiring payment for medical  
19 and dental services and treatment rendered by duly licensed  
20 hospitals, physicians and dentists. Unless the Board has otherwise  
21 contracted with the out-of-state health care provider, the Board  
22 shall reimburse for medical services and treatment rendered and  
23 charged by an out-of-state health care provider at least at the same  
24 percentage level as the network percentage level of the fee schedule

1 established by the State and Education Employees Group Insurance  
2 Board if the insured employee was referred to the out-of-state  
3 health care provider by a physician or it was an emergency situation  
4 and the out-of-state provider was the closest in proximity to the  
5 place of residence of the employee which offers the type of health  
6 care services needed. For purposes of this paragraph, health care  
7 providers shall include, but not be limited to, physicians,  
8 dentists, hospitals and special care facilities.

9 (13) The Board may contract with a pay-for-performance program  
10 provider. The contract shall be with a group practice of a medical  
11 school with at least three hundred fifty providers in its panel for  
12 a statistically significant demonstration project among employee  
13 enrollees that select to participate in the program. The purpose of  
14 the program is to test a program's value proposition that offers  
15 financial incentives to both the health care provider and the  
16 patient for incorporating evidence-based medicine guidelines and  
17 information therapy prescriptions in the rendering and utilizing of  
18 health care. This program must offer the health care provider the  
19 flexibility to use the health care provider's clinical judgment to  
20 adhere to or deviate from the program's guidelines and still receive  
21 a financial incentive as long as the health care provider prescribes  
22 information therapy to the patient. The program shall offer a  
23 financial reward to the patient for responding to the information  
24 therapy prescription by demonstrating the patient's understanding of

1 the patient's health condition, by demonstrating adherence to  
2 recommended care, and by judging the quality of care given to the  
3 patient against these guidelines. The program shall be offered and  
4 administered through an Internet application. This demonstration  
5 project shall collect and analyze data over a period of two (2)  
6 years in order to determine its effectiveness.

7 (14) The State and Education Employees Group Insurance Board  
8 may enter into a contract with out-of-state providers in connection  
9 with any PPO or hospital or medical network plan which shall  
10 include, but not be limited to, special care facilities and  
11 hospitals outside the borders of the State of Oklahoma. The  
12 contract for out-of-state providers shall be identical to the in-  
13 state provider contracts. The State and Education Employees Group  
14 Insurance Board may negotiate for discounts from billed charges when  
15 the out-of-state provider is not a network provider and the member  
16 sought services in an emergency situation, when the services were  
17 not otherwise available in the State of Oklahoma or when the  
18 Administrator approved the service as an exceptional circumstance.

19 (15) The State and Education Employees Group Insurance Board  
20 shall contract for Plan Year 2011 with a vendor that offers a web-  
21 based, doctor-patient mutual accountability incentive program. The  
22 purpose of the contract is to conduct a pilot project to test the  
23 value proposition of a program that offers financial incentives to  
24 both the health care provider and the patient for each care

1 encounter in which the provider and patient incorporate evidence-  
2 based medicine treatment guidelines, information therapy  
3 prescriptions and other proven medical interventions made available  
4 and recorded through the program in the rendering and utilizing of  
5 health care. This program shall offer the health care provider the  
6 flexibility to use the health care provider's clinical judgment to  
7 adhere to or deviate from the program's treatment guidelines and  
8 still receive a financial incentive, as long as the health care  
9 provider prescribes information therapy to the patient that includes  
10 an explanation of the provider's adherence or reason for  
11 nonadherence to the guideline. The program shall offer a financial  
12 reward to the patient for responding to the information therapy  
13 prescription by demonstrating the patient's understanding of the  
14 patient's health condition, by declaring or demonstrating adherence  
15 to recommended care, by agreeing to allow the patient's physician to  
16 view patient's responses and acknowledge the patient's health  
17 accomplishments, and by judging the quality of care given to the  
18 patient against these guidelines and recommended care.  
19 Participation in the program shall be voluntary to both the provider  
20 and patient on an encounter-by-encounter basis. The program shall  
21 be offered and administered by the program vendor through an  
22 Internet application. This pilot project shall include enough  
23 beneficiaries of the Board to achieve a statistical significance and  
24 collect and analyze data over a period of two (2) years in order to



1 determine the program's effectiveness. If it is determined that the  
2 program is effective, the Board shall continue the contract with  
3 such vendor by making the program available to all Board  
4 beneficiaries.

5     (16) The Administrator shall appoint an advisory committee to  
6 the State and Education Employees Group Insurance Board. The  
7 advisory committee shall consist of seven (7) members. Of the  
8 members appointed to the advisory committee, at least one member  
9 must be an active state employee, at least one member must be a  
10 retired state employee, at least one member must be an active  
11 education employee, at least one member must be a retired education  
12 employee, and at least one member must be either an active county  
13 employee or a retired county employee.

14     SECTION 2. This act shall become effective November 1, 2010.

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16     52-2-10882         SDR         05/12/10  
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