

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                               STATE OF OKLAHOMA

3                               1st Session of the 56th Legislature (2017)

4 COMMITTEE SUBSTITUTE  
5 FOR  
6 HOUSE BILL NO. 2237

By: Mulready

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9                               COMMITTEE SUBSTITUTE

10           An Act relating to employee insurance benefits;  
11           amending 70 O.S. 2011, Section 14-108.1, which  
12           relates to technology center school district employee  
13           health insurance; updating references to Oklahoma  
14           Employees Insurance and Benefits Act; amending 70  
15           O.S. 2011, Section 26-105.1, which relates to the  
16           Larry Dickerson Education Flexible Benefits Allowance  
17           Act; updating references to Oklahoma Employees  
18           Insurance and Benefits Act; amending 74 O.S. 2011,  
19           Section 840-2.27I, which relates to the State  
20           Government Reduction-in-Force and Severance Benefits  
21           Act; updating reference to the Oklahoma Employees  
22           Insurance and Benefits Board; amending 74 O.S. 2011,  
23           Sections 1302, 1303, as amended by Section 13,  
24           Chapter 303, O.S.L. 2012, Section 14, Chapter 303,  
          O.S.L. 2012, as amended by Section 2, Chapter 266,  
          O.S.L. 2013, 1307.1, as amended by Section 942,  
          Chapter 304, O.S.L. 2012, 1308, as amended by Section  
          945, Chapter 304, O.S.L. 2012, 1308.1, as amended by  
          Section 946, Chapter 304, O.S.L. 2012, 1309, as  
          amended by Section 947, Chapter 304, O.S.L. 2012,  
          1312.1, as amended by Section 954, Chapter 304,  
          O.S.L. 2012, 1316.2, as last amended by Section 3,  
          Chapter 419, O.S.L. 2014, 1316.3, as amended by  
          Section 963, Chapter 304, O.S.L. 2012, 1321, as  
          amended by Section 966, Chapter 304, O.S.L. 2012 and  
          1327, as amended by Section 971, Chapter 304, O.S.L.  
          2012 (74 O.S. Supp. 2016, Sections 1303, 1304.1,  
          1307.1, 1308, 1308.1, 1309, 1312.1, 1316.2, 1316.3,

1321 and 1327), which relate to the Oklahoma Employees Insurance and Benefits Act; modifying purpose of act to exclude compliance with certain federal law; modifying definitions; modifying board member qualifications; modifying duties of the Office of Management and Enterprise Services with respect to the flexible benefits plan; eliminating right to change physician under HMO plan; removing employee option to enroll in HMO plan; removing certain education employee enrollment period; removing education employee option to enroll in HMO plan; removing employee option to enroll dependents in HMO plan; eliminating monies in certain revolving fund collected from HMOs; modifying plans offered to retired employees; modifying plans offered to retired teachers; modifying timeline to establish premiums for certain insurance plans; modifying standards and procedures for selecting providers; amending 74 O.S. 2011, Sections 1362, 1366, as amended by Section 976, Chapter 304, O.S.L. 2012, 1370, as last amended by Section 4, Chapter 266, O.S.L. 2013 and 1371, as last amended by Section 1, Chapter 178, O.S.L. 2016 (74 O.S. Supp. 2016, Section 1366, 1370 and 1371), which relate to the Oklahoma State Employees Benefits Act; modifying purpose of the act to exclude providing HMO and long-term disability services; excluding HMO and high-deductible plan expenses from employee's salary adjustment; updating reference to the Oklahoma Employees Insurance and Benefits Board; eliminating requirements for HMO plans set by the Board; eliminating participant option to elect HMO plan; eliminating procedure to select HMO plan; eliminating HMO plan requirements; repealing 74 O.S. 2011, Sections 1366.1, as amended by Section 977, Chapter 304, O.S.L. 2012 and 1366.2, as amended by Section 978, Chapter 304, O.S.L. 2012 (74 O.S. Supp. 2016, Sections 1366.1 and 1366.2), which relate to the Oklahoma State Employees Benefits Act; and providing an effective date.

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

1       SECTION 1.       AMENDATORY       70 O.S. 2011, Section 14-108.1, is  
2 amended to read as follows:

3       Section 14-108.1 A. The board of education of each technology  
4 center school district in this state shall provide a health  
5 insurance plan for the employees of the technology center school  
6 district. Technology center school districts may obtain health and  
7 dental insurance coverage as provided for in the ~~State and Education~~  
8 Oklahoma Employees Group Insurance and Benefits Act or may obtain  
9 other health insurance coverage. Any technology center district  
10 that does not participate in the health and dental insurance plans  
11 offered through the ~~State and Education~~ Oklahoma Employees Group  
12 Insurance and Benefits Act shall obtain health insurance coverage  
13 for the employees which provides open enrollment, and provide for  
14 the continuation of health insurance coverage, including  
15 supplemental Medicare insurance coverage, for those district  
16 employees who retire from said district after September 30, 1991,  
17 with a vested benefit in the Teachers' Retirement System of  
18 Oklahoma. A retired person who begins receiving benefits from the  
19 Teachers' Retirement System of Oklahoma after September 30, 1991,  
20 who retires from a technology center school district that provides  
21 other health insurance coverage, and who elects to continue said  
22 health insurance coverage shall pay to the technology center school  
23 district the premium rate for the health insurance minus an amount  
24 equal to the premium rate of the Medicare supplement or the amount

1 determined pursuant to subsection ~~(4)~~ E of Section 1316.3 of Title  
2 74 of the Oklahoma Statutes, whichever is less, which shall be paid  
3 by the Teachers' Retirement System of Oklahoma to the technology  
4 center school district. The technology center school district shall  
5 remit to the health insurance coverage provider the total premium  
6 due less any uncollected amounts payable from retired technology  
7 center school district employees or their qualified survivors.

8 B. A technology center school district that participates in  
9 health insurance coverage other than the health insurance plan  
10 offered by the ~~State and Education~~ Oklahoma Employees Group  
11 Insurance and Benefits Act shall not be required to pay any portion  
12 of the premium for the employees or the dependents of the employees  
13 of said school district. Unless a school district negotiates an  
14 agreement with its employees regarding health insurance pursuant to  
15 Sections 509.1 through 509.9 of this title, and to the extent that  
16 the agreement provides for the members of the recognized bargaining  
17 unit, a technology center school district that participates in  
18 health insurance coverage other than the health insurance plan  
19 offered by the ~~State and Education~~ Oklahoma Employees Group  
20 Insurance and Benefits Act is prohibited from acquiring additional  
21 or supplemental health or dental insurance for any board member,  
22 superintendent or any other employee which is not available to all  
23 employees of said district, and said technology center school  
24 district shall not pay a greater portion of the employee or

1 dependent premium for any health or dental insurance plan or plans  
2 provided by said technology center school district on behalf of any  
3 board member, superintendent or employee than that portion paid on  
4 behalf of all participating employees of said district.

5 C. If a technology center school district obtains health  
6 insurance coverage from a source other than through the ~~State and~~  
7 ~~Education~~ Oklahoma Employees Group Insurance and Benefits Act, the  
8 employees of the technology center school district who would be  
9 eligible to participate in the health and dental plans may require  
10 the board of education of the technology center school district to  
11 call an election to allow said employees to vote as to whether the  
12 technology center school district shall participate in the health  
13 and dental insurance plans offered through the ~~State and Education~~  
14 Oklahoma Employees Group Insurance and Benefits Act. Upon the  
15 filing with the board of education of a petition calling for such an  
16 election which is signed by no less than thirty percent (30%) of the  
17 eligible employees of the technology center school district, the  
18 board of education shall call an election for the purpose of  
19 determining whether the technology center school district shall  
20 participate in the health and dental insurance plans offered through  
21 the ~~State and Education~~ Oklahoma Employees Group Insurance and  
22 Benefits Act. The election shall be held within thirty (30) days of  
23 the filing of the petition. If a majority of those eligible  
24 employees voting at the election vote to participate in the health

1 and dental insurance plans offered through the ~~State and Education~~  
2 Oklahoma Employees Group Insurance and Benefits Act, the board of  
3 education of the technology center school district shall apply for  
4 such participation within thirty (30) days of the election.

5 D. If a technology center school district does not have any  
6 health insurance coverage of the type required by this section, that  
7 technology center school district shall immediately be enrolled in  
8 the health and dental insurance plans offered through the ~~State and~~  
9 ~~Education~~ Oklahoma Employees Group Insurance and Benefits Act.

10 E. A carrier providing health insurance coverage for employees  
11 of a technology center school district health insurance group which  
12 replaces a previous carrier for such technology center school  
13 district employees shall provide coverage for each retired employee  
14 who is receiving a benefit or terminates employment with a vested  
15 benefit from the Teachers' Retirement System of Oklahoma and who is  
16 enrolled in the health insurance group by the previous carrier at  
17 the time the previous carrier providing health insurance coverage is  
18 replaced. Notwithstanding any provision in this section to the  
19 contrary, any person who retires pursuant to the provisions of the  
20 Teachers' Retirement System of Oklahoma prior to May 1, 1993, or  
21 terminates service with a vested benefit, pursuant to the provisions  
22 of the Teachers' Retirement System of Oklahoma prior to May 1, 1993,  
23 may continue to participate in the health and dental plans  
24

1 authorized by the provisions of the ~~State and Education~~ Oklahoma  
2 ~~Employees Group Insurance~~ and Benefits Act.

3 F. In the event a technology center school district ceases to  
4 exist, the assets and duties of said technology center school  
5 district are transferred to one or more other technology center  
6 school districts, said other technology center school district or  
7 districts do not agree to employ all of the former employees of the  
8 technology center school district that is ceasing to exist, and said  
9 former employees who are not being reemployed have rights under  
10 federal or state law to continue group insurance coverage, the  
11 annexing technology center school district having the largest  
12 general fund revenue for the most recent preceding fiscal year for  
13 which data is available shall provide group insurance coverage to  
14 said former employees not being retained during the period as  
15 required by law.

16 SECTION 2. AMENDATORY 70 O.S. 2011, Section 26-105.1, is  
17 amended to read as follows:

18 Section 26-105.1 The provisions of the Larry Dickerson  
19 Education Flexible Benefits Allowance Act shall apply to school  
20 districts participating in the Oklahoma ~~State Education and~~  
21 ~~Employees Group Insurance Board plan~~ and Benefits Act or school  
22 districts that are self-insured.

23 SECTION 3. AMENDATORY 74 O.S. 2011, Section 840-2.27I,  
24 is amended to read as follows:

Section 840-2.27I A. An affected former state employee who:

1. Had a vested or retirement benefit pursuant to the provisions of any of the state public retirement systems;
2. Was separated from state service as a result of a reduction-in-force since July 1, 1997; and
3. Was offered severance benefits pursuant to the State Government Reduction-in-Force and Severance Benefits Act, may reinstate health insurance coverage any time within two (2) years following the date of the reduction-in-force from the state, and be eligible for the purchase of all other benefits available to former employees with a vested benefit of the state public retirement system of which the employee is a member.

B. Former employees who elect to reinstate health insurance coverage pursuant to this section shall provide satisfactory evidence of insurability after a break in coverage of one hundred eighty (180) days or more.

C. The provisions of subsection A of this section shall apply to an affected former state employee who may have elected non-state-sponsored health insurance coverage or who initially may have elected one of the available state-sponsored health insurance plans but later cancels either of those elected coverages.

D. A former employee who reinstates health insurance coverage pursuant to this section shall pay the full cost of the insurance premium at the then available rate and pursuant to the rules and



1 enrollment procedures established by the ~~State and Education~~  
2 Oklahoma Employees Group Insurance and Benefits Board. The former  
3 employee will be subject to the same rate changes as those made  
4 available to all other state vested or retired employees. The  
5 former employee may elect coverage for the employee's current  
6 dependents if the election is made within thirty (30) days of  
7 reinstatement of health insurance.

8 SECTION 4. AMENDATORY 74 O.S. 2011, Section 1302, is  
9 amended to read as follows:

10 Section 1302. It is hereby declared that the purpose of this  
11 act is:

12 (a) To provide uniformity in Accident and Health Insurance  
13 and/or Benefits Coverage and Life Insurance on all employees of the  
14 State of Oklahoma;

15 (b) To enable the state to attract and retain qualified  
16 employees by providing health, dental and life insurance benefits  
17 similar to those commonly provided in private industry;

18 (c) To recognize and protect the state's investment in each  
19 permanent employee by promoting and preserving good health and  
20 longevity among state employees;

21 (d) To recognize the service to the state by elected and  
22 appointed officials by extending to them the same health, dental and  
23 life insurance benefits as are provided herein for state employees;  
24 and

1 (e) To recognize long and faithful service, and to encourage  
2 employees to remain in state service until eligible for retirement  
3 by providing health, dental and life insurance benefits for  
4 employees; and

5 ~~(f) To ensure state compliance with the Health Maintenance~~  
6 ~~Organization Act of 1973 pursuant to 42 U.S.C., Section 300e et seq.~~

7 SECTION 5. AMENDATORY 74 O.S. 2011, Section 1303, as  
8 amended by Section 13, Chapter 303, O.S.L. 2012 (74 O.S. Supp. 2016,  
9 Section 1303), is amended to read as follows:

10 Section 1303. For the purposes of and as used in the Oklahoma  
11 Employees Insurance and Benefits Act:

12 1. "Board" means the Oklahoma Employees Insurance and Benefits  
13 Board as created by the Oklahoma Employees Insurance and Benefits  
14 Act;

15 2. "Plan" means the Oklahoma Employees Insurance Plan;

16 3. "Employee" means those state employees, education employees  
17 and other eligible employees participating in the Oklahoma Employees  
18 Insurance and Benefits Act;

19 4. "Education employee" means those employees other than  
20 adjunct professors employed by a state institution of higher  
21 education, in the service of an education entity who are members or  
22 are or will be eligible to become members of the Teachers'  
23 Retirement System of Oklahoma and who receive compensation for such  
24 service after the education entity begins to participate in the

1 Oklahoma Employees Insurance and Benefits Act and visiting faculty  
2 who are not eligible for membership in the Teachers' Retirement  
3 System of Oklahoma;

4 5. "Adjunct professor" means a person employed by an  
5 institution of higher education who is attached in a subordinate or  
6 temporary capacity to the faculty or staff, and who is contracted to  
7 instruct in a given specific discipline;

8 6. "Visiting faculty" means a person employed by an institution  
9 of higher education who is not eligible for academic rank or tenure,  
10 other than an adjunct professor, and who is contracted to instruct  
11 in a given specific discipline generally not to exceed one (1)  
12 academic year;

13 7. "Education entity" means a school district, a technology  
14 center school district, or an institution comprising The Oklahoma  
15 State System of Higher Education;

16 8. "State employee" means and includes each officer or employee  
17 in the service of the State of Oklahoma who, after January 1, 1966,  
18 received compensation for service rendered to the State of Oklahoma  
19 on a warrant issued pursuant to a payroll certified by a department  
20 or by an elected or duly appointed officer of the state or who  
21 receives payment for the performance of personal services on a  
22 warrant issued pursuant to a payroll certified by a department and  
23 drawn by the State Treasurer against appropriations made by the  
24 Legislature from any state fund or against trust funds held by the

1 State Treasurer, who is employed in a position normally requiring  
2 actual performance of duty during not less than one thousand (1,000)  
3 hours per year, and whose employment is not seasonal or temporary,  
4 except that a person elected by popular vote will be considered an  
5 employee during the person's tenure in office; provided, however,  
6 that employees who are otherwise eligible who are on approved leave  
7 without pay shall be eligible to continue coverage during such leave  
8 not to exceed twenty-four (24) months, as provided and published in  
9 the Office of Management and Enterprise Services Rules for  
10 Employment, from the date the employee goes on such leave provided  
11 the employee pays the full premiums due or persons who are drawing  
12 disability benefits under the State Employees Disability Program Act  
13 or meet each and every requirement of the State Employees Disability  
14 Program shall be eligible to continue coverage provided the person  
15 pays the full premiums due;

16 9. "Carrier" means the ~~State of Oklahoma or a state designated~~  
17 ~~Health Maintenance Organization (HMO). Such HMO shall be a~~  
18 ~~federally qualified Health Maintenance Organization under 42 U.S.C.,~~  
19 ~~Section 300e et seq.~~ program offered under the Oklahoma Employees  
20 Insurance and Benefits Act or the health insurance plan of an  
21 employer;

22 10. "Health insurance plan" means a self-insured plan offered  
23 by the ~~State of Oklahoma~~ Employees Insurance and Benefits Board for  
24 the purpose of paying the cost of hospital and medical care up to

1 the maximum coverage provided by said plan ~~or prepaid medical~~  
2 ~~plan(s) offered to employees as an alternative to the state-~~  
3 ~~administered plan by federally qualified HMOs which have contracted~~  
4 ~~with the state;~~

5 11. "Life insurance plan" means a self-insured plan for the  
6 purpose of paying death and dismemberment benefits up to the maximum  
7 coverage provided by the plan;

8 12. "Dental benefits plan" means a plan by the State of  
9 Oklahoma for the purpose of paying the cost of dental care up to the  
10 maximum coverage provided by the plan; whenever the term "dental  
11 insurance plan" or a term of like import appears in the Oklahoma  
12 Employees Insurance and Benefits Act, the term shall mean "dental  
13 benefits plan";

14 13. "Other insurance" means any type of coverage other than  
15 basic hospital and medical benefits, major medical benefits,  
16 comprehensive benefits, life insurance benefits or dental insurance  
17 benefits, which the Plan Board may ~~be directed to~~ offer;

18 14. "Dependent" means an employee's spouse or any unmarried  
19 child:

20 a. under the age of twenty-five (25) years, regardless of  
21 residence, provided that the employee is primarily  
22 responsible for their support, including:

23 (1) an adopted child, and  
24

1                   (2) a stepchild or child who lives with the employee  
2                   in a regular parent-child relationship, or  
3           b. regardless of age who is incapable of self-support  
4                   because of mental or physical incapacity that existed  
5                   prior to reaching the age of twenty-five (25) years;

6       15. "Comprehensive benefits" means benefits which reimburse the  
7       expense of hospital room and board, other hospital services, certain  
8       outpatient expenses, maternity benefits, surgical expense, including  
9       obstetrical care, in-hospital medical care expense, diagnostic  
10      radiological and laboratory benefits, physicians' services provided  
11      by house and office calls, treatments administered in physicians'  
12      office, prescription drugs, psychiatric services, Christian Science  
13      practitioners' services, Christian Science nurses' services,  
14      optometric medical services for injury or illness of the eye, home  
15      health care, home nursing service, hospice care, and such other  
16      benefits as may be determined by the Board. Such benefits shall be  
17      provided on a copayment or coinsurance basis, the insured to pay a  
18      proportion of the cost of such benefits, and may be subject to a  
19      deductible that applies to all or part of the benefits as determined  
20      by the Board; and

21      16. "Life insurance coverage" shall include a maximum amount of  
22      basic life insurance or benefit with or without a double indemnity  
23      provision and an amount of accidental death and dismemberment  
24      insurance or benefit per employee to be provided by the State of

1 Oklahoma, and the employee shall have the option to purchase  
2 additional life insurance or benefits on the employee's life up to  
3 the amount provided by the plan. Such basic life insurance  
4 benefits, with or without double indemnity, and accidental death and  
5 dismemberment benefits shall not exclude coverage for death or  
6 dismemberment resulting from war, insurrection or riot. The Board  
7 may also extend dependent life insurance in an amount to be  
8 determined by the Board to each insured employee who elects to  
9 insure the employee's eligible dependents. Premiums for the  
10 dependent life insurance shall be paid wholly by the employee.

11 SECTION 6. AMENDATORY Section 14, Chapter 303, O.S.L.  
12 2012, as amended by Section 2, Chapter 266, O.S.L. 2013 (74 O.S.  
13 Supp. 2016, Section 1304.1), is amended to read as follows:

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

20 B. There is hereby created the Oklahoma Employees Insurance and  
21 Benefits Board.

22 C. The chair and vice-chair shall be elected by the Board  
23 members at the first meeting of the Board and shall preside over  
24 meetings of the Board and perform other duties as may be required by

1 the Board. Upon the resignation or expiration of the term of the  
2 chair or vice-chair, the members shall elect a chair or vice-chair.  
3 The Board shall elect one of its members to serve as secretary.

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

- 6 1. The State Insurance Commissioner, or designee;
- 7 2. Four members shall be appointed by the Governor;
- 8 3. One member shall be appointed by the Speaker of the Oklahoma  
9 House of Representatives; and
- 10 4. One member shall be appointed by the President Pro Tempore  
11 of the State Senate.

12 E. The appointed members shall:

- 13 1. 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;
- 17 2. Be licensed to practice law in this state and have  
18 demonstrated professional experience in commercial matters; or
- 19 3. Be licensed by the Oklahoma Accountancy Board to practice in  
20 this state as a public accountant or a certified public accountant.

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



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  
23 contracting requirements or other statutory or regulatory  
24 guidelines.

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

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

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

21       K. The Board shall act in accordance with the provisions of the  
22 Oklahoma Open Meeting Act, the Oklahoma Open Records Act and the  
23 Administrative Procedures Act.

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

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

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

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

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

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

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

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

1        7. To furnish the participating employers and participants such  
2 annual reports with respect to the administration of the plan as are  
3 reasonable and appropriate;

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

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

1 purposes of offering alternative medical plans for consideration by  
2 participants.

3 a. Such plans include, but are not limited to, health  
4 maintenance organizations (HMOs), exclusive provider  
5 organizations (EPOs), Medicare Advantage plans (MAs)  
6 and accountable care organizations (ACOs). All plans  
7 shall be in conformance with all applicable federal  
8 and state regulations.

9 b. The Board shall have the authority to reject any plan  
10 that does not meet the bid requirements or provide  
11 sufficient value for the State of Oklahoma. The Board  
12 may, however, renegotiate rates with successful  
13 bidders after contracts have been awarded if there is  
14 an extraordinary circumstance. An extraordinary  
15 circumstance shall be limited to the insolvency,  
16 dissolution or withdrawal of a participating health  
17 maintenance organization or point-of-service plan,  
18 dissolution of a participating health maintenance  
19 organization or point-of-service plan or withdrawal of  
20 another participating health maintenance organization  
21 or point-of-service plan at third-party vendor any  
22 time during the calendar year. Nothing in this  
23 section of law shall be construed to permit either  
24 party to unilaterally alter the terms of the contract.

1           c.   The Board shall ensure that all premiums are paid to  
2                   participating third-party health vendors within sixty  
3                   (60) calendar days from receipt of the bill;

4           10. To retain as confidential information the initial Request  
5 For Proposal offers as well as any subsequent bid offers made by the  
6 third-party health ~~plans~~ plan vendors prior to final contract awards  
7 as a part of the best and final offer negotiations process for the  
8 benefit plan;

9           11. To promulgate administrative rules for the competitive  
10 negotiation process;

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

1        13. To authorize the purchase of any insurance deemed necessary  
2 for providing benefits under the plan including indemnity dental  
3 plans, provided that the only indemnity health plan selected by the  
4 Board shall be the indemnity plan offered by the Board, and to  
5 transfer to the Board such funds as may be approved for a  
6 participant electing a benefit plan offered by the Board. All  
7 indemnity dental plans shall meet or exceed the following  
8 requirements:

9            a. they shall have a statewide provider network,

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

12                (1) diagnostic,

13                (2) preventative,

14                (3) restorative,

15                (4) endodontic,

16                (5) periodontic,

17                (6) prosthodontics,

18                (7) oral surgery,

19                (8) dental implants,

20                (9) dental prosthetics, and

21                (10) orthodontics, and

22            c. they shall provide an annual benefit of not less than  
23 One Thousand Five Hundred Dollars (\$1,500.00) for all  
24 services other than orthodontic services, and a



lifetime benefit of not less than One Thousand Five  
Hundred Dollars (\$1,500.00) for orthodontic services;

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

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

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

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

18. To adopt rules requiring payment for medical and dental  
services and treatment rendered by duly licensed hospitals,  
physicians and dentists. Unless the Board has otherwise contracted  
with the out-of-state health care provider, the Board shall  
reimburse for medical services and treatment rendered and charged by  
an out-of-state health care provider at least at the same percentage  
level as the network percentage level of the fee schedule  
established by the Oklahoma Employees Insurance and Benefits Board  
if the insured employee was referred to the out-of-state health care  
provider by a physician or it was an emergency situation and the  
out-of-state provider was the closest in proximity to the place of  
residence of the employee which offers the type of health care

1 services needed. For purposes of this paragraph, health care  
2 providers shall include, but not be limited to, physicians,  
3 dentists, hospitals and special care facilities;

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

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

1 the Oklahoma Administrative Procedures Act, including provisions  
2 thereof for review of agency decisions by the district court. The  
3 grievance panel shall schedule a hearing regarding the allowance and  
4 payment of claims, eligibility and other matters within sixty (60)  
5 days from the date the grievance panel receives a written request  
6 for a hearing unless the panel orders a continuance for good cause  
7 shown. Upon written request by the insured employee to the  
8 grievance panel and received not less than ten (10) days before the  
9 hearing date, the grievance panel shall cause a full stenographic  
10 record of the proceedings to be made by a competent court reporter  
11 at the insured employee's expense; and

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

16 N. Except for a breach of fiduciary obligation, a Board member  
17 shall not be individually or personally responsible for any action  
18 of the Board.

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

21 P. The members of the Board shall not accept gifts or  
22 gratuities from an individual organization with a value in excess of  
23 Ten Dollars (\$10.00) per year. The provisions of this section shall  
24

1 not be construed to prevent the members of the Board from attending  
2 educational seminars, conferences, meetings or similar functions.

3 SECTION 7. AMENDATORY 74 O.S. 2011, Section 1307.1, as  
4 amended by Section 942, Chapter 304, O.S.L. 2012 (74 O.S. Supp.  
5 2016, Section 1307.1), is amended to read as follows:

6 Section 1307.1 No employee or dependent who participates in an  
7 ~~HMO~~ a health plan offered through the Oklahoma Employees Insurance  
8 and Benefits Act shall be denied the right of changing the primary  
9 care physician to any other primary care physician within the ~~HMO~~  
10 health plan. The employee or dependent shall notify the ~~HMO~~ health  
11 plan in writing of any change in the choice of primary care  
12 physician forty-five (45) days in advance of the change by certified  
13 mail with return receipt requested. Any such change in a primary  
14 care physician shall not be subject to the approval of the ~~HMO~~  
15 health plan, the Office of Management and Enterprise Services or  
16 state agency.

17 SECTION 8. AMENDATORY 74 O.S. 2011, Section 1308, as  
18 amended by Section 945, Chapter 304, O.S.L. 2012 (74 O.S. Supp.  
19 2016, Section 1308), is amended to read as follows:

20 Section 1308. (1) Any employee eligible for membership in the  
21 ~~Health Insurance Plan, Dental Insurance Plan or Life Insurance Plan~~  
22 health, dental or life insurance plans offered through the Oklahoma  
23 Employees Insurance and Benefits Act upon its effective date shall  
24 be enrolled in the plan unless the employee elects not to be

1 enrolled within thirty (30) days of the effective dates. ~~The~~  
2 ~~employee shall be advised of Health Maintenance Organization prepaid~~  
3 ~~plans available as an alternative to the state self-insured Health~~  
4 ~~Insurance Plan.~~ The Office of Management and Enterprise Services  
5 shall establish the procedure by which eligible employees not  
6 electing to be enrolled initially in the ~~Health Insurance Plan,~~  
7 ~~Dental Insurance Plan or Life Insurance Plan~~ health, dental or life  
8 insurance plans may be subsequently enrolled.

9 (2) Any eligible employee who is employed after the effective  
10 dates of the ~~Health Insurance Plan, Dental Insurance Plan and Life~~  
11 ~~Insurance Plan or HMO plans approved by the Office~~ health, dental  
12 and life insurance plans offered through the Oklahoma Employees  
13 Insurance and Benefits Act may become enrolled on the first day of  
14 the second month of employment.

15 SECTION 9. AMENDATORY 74 O.S. 2011, Section 1308.1, as  
16 amended by Section 946, Chapter 304, O.S.L. 2012 (74 O.S. Supp.  
17 2016, Section 1308.1), is amended to read as follows:

18 Section 1308.1 (1) An educational entity may extend the  
19 benefits of the health insurance plan, the dental insurance plan,  
20 and the life insurance plan to education employees employed by the  
21 entity. The benefits of the plans for an education employee shall  
22 be the same and shall include the same plan options as would be made  
23 available to a state employee participating in the plan that resided  
24 at the same location. ~~Notwithstanding the provisions of Section~~

1 ~~1308.2 of this title, a period shall exist for enrolling education~~  
2 ~~entities from April 1, 1989 through October 1, 1991, whereby~~  
3 ~~education employees of a participating education entity may be~~  
4 ~~enrolled, pursuant to this act, during the entities' initial~~  
5 ~~enrollment period, regardless of preexisting conditions.~~ The Office  
6 of Management and Enterprise Services shall adopt rules and  
7 regulations for enrollment by which education entities may apply to  
8 participate in the insurance plans. Once an education entity  
9 becomes a participant in the health and dental insurance plans  
10 offered through the Oklahoma Employees Insurance and Benefits Act,  
11 the education entity may withdraw from participation, in a manner  
12 prescribed by the Office. If a school district is participating in  
13 the health and dental insurance plans pursuant to the Oklahoma  
14 Employees Insurance and Benefits Act, Sections 1301 through 1329.1  
15 of this title, the employees of the school district who are eligible  
16 to participate in the health and dental plans, at such time as the  
17 school district may withdraw from such participation, may require  
18 the board of education of the school district to call an election to  
19 allow the employees to vote as to whether the school district shall  
20 continue participation in the health and dental insurance plans  
21 offered through the Oklahoma Employees Insurance and Benefits Act.  
22 Upon the filing with the board of education of a petition calling  
23 for such an election which is signed by no less than thirty percent  
24 (30%) of the eligible employees of the school district, the board of

1 education shall call an election for the purpose of determining  
2 whether the school district shall continue participation in the  
3 health and dental insurance plans offered through the Oklahoma  
4 Employees Insurance and Benefits Act. The election shall be held  
5 within thirty (30) days of the filing of the petition. If a  
6 majority of those eligible employees voting at the election vote to  
7 continue participation in the health and dental insurance plans  
8 offered through the Oklahoma Employees Insurance and Benefits Act,  
9 the board of education shall be prohibited from withdrawing the  
10 school district from such participation. If a majority of those  
11 eligible employees voting at the election vote against continued  
12 participation in the health and dental insurance plans offered  
13 through the Oklahoma Employees Insurance and Benefits Act, the board  
14 of education of the school district shall apply to discontinue such  
15 participation within thirty (30) days of the election and within the  
16 times the school district is authorized to withdraw from  
17 participation in accordance with rules established for withdrawal by  
18 the Office.

19 (2) Except as otherwise provided in this subsection, when an  
20 education entity participates in the health and dental insurance  
21 plans offered through the Oklahoma Employees Insurance and Benefits  
22 Act, all employees shall be advised of ~~Health Maintenance~~  
23 ~~Organizations prepaid plans available as an alternative to the state~~  
24 ~~self-insured health insurance plan~~ the available plan options.

1 Eligible part-time education employees, ~~at the option of the~~  
2 ~~employee,~~ may enroll in the plans either at the time the education  
3 entity begins participation in the plans ~~or, if later, upon a~~  
4 ~~showing of insurability to the satisfaction of the Office.~~

5 (3) Any employee of an education entity participating in the  
6 health and dental insurance plans offered through the Oklahoma  
7 Employees Insurance and Benefits Act who is employed after the  
8 education entity began said participation may be enrolled in the  
9 health and dental insurance plans ~~or HMO plans approved by the~~  
10 ~~Office~~ on the first day of the second month of employment.

11 (4) Upon initial enrollment of an institution of higher  
12 education to participate in the health and dental insurance plans  
13 offered through the Oklahoma Employees Insurance and Benefits Act,  
14 all individuals presently insured by said institution's present  
15 group health insurance plan shall become enrolled in said state  
16 plans for the remaining period of said institution's contractual  
17 liabilities.

18 (5) Education employees who shall be absent from the teaching  
19 service because of election or appointment as a local, state, or  
20 national education association officer shall be allowed to retain  
21 coverage pursuant to the Oklahoma Employees Insurance and Benefits  
22 Act upon the payment of the full cost of the coverage at the rate  
23 and under such terms and conditions established by the Office.

24



(6) Except as otherwise provided by law, an educational entity may cease to participate in the Oklahoma Employees Insurance and Benefits Act but provide health insurance coverage through another insurance carrier. The subsequent carrier shall provide coverage to the employees of the educational entity who terminated employment with a retirement benefit, with a vested benefit, or who have ten (10) or more years of service with a participating educational entity but did not have a vested benefit through the retirement system of the educational entity, if the election to retain health insurance coverage was made within thirty (30) days of termination of employment. Coverage shall also be provided to the eligible dependents of the employees if an election to retain coverage is made within thirty (30) days of termination of employment.

SECTION 10. AMENDATORY 74 O.S. 2011, Section 1309, as amended by Section 947, Chapter 304, O.S.L. 2012 (74 O.S. Supp. 2016, Section 1309), is amended to read as follows:

Section 1309. A. Any eligible employee may elect to have a dependent or dependents of the employee covered by the ~~Health Insurance Plan and Dental Insurance Plan or by any available Health Maintenance Organization (HMO) approved by the Office of Management and Enterprise Services~~ health and dental insurance plans offered through the Oklahoma Employees Insurance and Benefits Act. The employee may elect to cover all dependent children and not elect to cover the spouse of the employee. Such election shall be made at

1 the time the employee becomes enrolled in the Plan, under such  
2 procedures as the Office may establish. If dependent coverage is  
3 not elected or if the employee elects to cover all dependent  
4 children and not the spouse of the employee at the time an employee  
5 becomes enrolled in the Plan, dependent coverage or coverage for the  
6 spouse cannot be elected until the next enrollment period or until a  
7 qualifying event has occurred as established by the Office. Such  
8 subsequent election of dependent coverage shall be made under such  
9 conditions as the Office may impose. If electing not to cover the  
10 spouse, the employee shall submit a statement signed by both the  
11 employee and the spouse acknowledging their choice not to provide  
12 insurance coverage for the spouse under the ~~Health Insurance Plan~~  
13 ~~and Dental Insurance Plan or approved HMO plans~~ health and dental  
14 insurance plans offered through the Oklahoma Employees Insurance and  
15 Benefits Act.

16 B. Any employee with dependent coverage, as provided in this  
17 section, who has a change in the number of dependents may at the  
18 time of such change increase or decrease the number of dependents  
19 covered by the ~~Health Insurance Plan and Dental Insurance Plan or~~  
20 ~~approved HMO plans,~~ health and dental insurance plans offered  
21 through the Oklahoma Employees Insurance and Benefits Act under  
22 procedures established by the Office.

23 C. Any employee who has no eligible dependents at the time the  
24 employee becomes enrolled may elect dependent coverage at the time

1 the dependency status of the employee changes under procedures  
2 established by the Office.

3 SECTION 11. AMENDATORY 74 O.S. 2011, Section 1312.1, as  
4 amended by Section 954, Chapter 304, O.S.L. 2012 (74 O.S. Supp.  
5 2016, Section 1312.1), is amended to read as follows:

6 Section 1312.1 There is hereby created in the State Treasury a  
7 Revolving Fund for the Oklahoma Employees Insurance and Benefits  
8 Plan. The revolving fund shall consist of funds transferred from  
9 the Health and Dental Insurance Reserve Fund and the Life Insurance  
10 Reserve Fund for operational expenses of the State Health and Life  
11 Insurance Plan ~~and monies assessed from or collected for and due a~~  
12 ~~Health Maintenance Organization (HMO)~~ as approved by the Office of  
13 Management and Enterprise Services. Expenditures from said funds  
14 shall be made pursuant to the laws of the state and statutes  
15 relating to the Plan. This revolving fund shall be a continuing  
16 fund, not subject to fiscal year limitations, and shall be under the  
17 control and management of the Office.

18 SECTION 12. AMENDATORY 74 O.S. 2011, Section 1316.2, as  
19 last amended by Section 3, Chapter 419, O.S.L. 2014 (74 O.S. Supp.  
20 2016, Section 1316.2), is amended to read as follows:

21 Section 1316.2 A. Any employee, other than an education  
22 employee, who retires pursuant to the provisions of the Oklahoma  
23 Public Employees Retirement System or who has a vested benefit  
24 pursuant to the provisions of the Oklahoma Public Employees

1 Retirement System may continue in force the health and dental  
2 insurance benefits authorized by the provisions of the Oklahoma  
3 Employees Insurance and Benefits Act, or other employer insurance  
4 benefits if the employer does not participate in the plans offered  
5 by the Office of Management and Enterprise Services, if such  
6 election to continue in force is made within thirty (30) days from  
7 the date of termination of service. Except as otherwise provided  
8 for in Section 840-2.27I of this title and subsection H of this  
9 section, health and dental insurance coverage may not be reinstated  
10 at a later time if the election to continue in force is declined.  
11 Vested employees other than education employees who have terminated  
12 service and are not receiving benefits and effective July 1, 1996,  
13 nonvested persons who have terminated service with more than eight  
14 (8) years of participating service with a participating employer,  
15 who within thirty (30) days from the date of termination of service  
16 elect to continue such coverage, shall pay the full cost of the  
17 insurance premium at the rate and pursuant to the terms and  
18 conditions established by the Office. Provided also, any employee  
19 other than an education employee who commences employment with a  
20 participating employer on or after September 1, 1991, who terminates  
21 service with such employer on or after July 1, 1996, but who  
22 otherwise has insufficient years of service to retire or terminate  
23 service with a vested benefit pursuant to the provisions of the  
24 Oklahoma Public Employees Retirement System or to elect to continue

1 coverage as a nonvested employee as provided in this section, but  
2 who, immediately prior to employment with the participating  
3 employer, was covered as a dependent on the health and dental  
4 insurance policy of a spouse who was an active employee other than  
5 an education employee, may count as part of his or her credited  
6 service for the purpose of determining eligibility to elect to  
7 continue coverage under this section, the time during which the  
8 terminating employee was covered as such a dependent.

9 B. 1. Health insurance benefit plans offered pursuant to this  
10 section shall include:

- 11 ~~a. indemnity plans offered through the Office,~~
- 12 ~~b. managed care plans offered as alternatives to the~~  
13 ~~indemnity plans offered through the Office,~~
- 14 ~~c. Medicare supplements offered pursuant to the Oklahoma~~  
15 ~~Employees Insurance and Benefits Act,~~
- 16 ~~d. Medicare risk-sharing contracts offered as~~  
17 ~~alternatives to the Medicare supplements offered~~  
18 ~~through the Office. All Medicare risk-sharing~~  
19 ~~contracts shall be subject to a risk adjustment~~  
20 ~~factor, based on generally accepted actuarial~~  
21 ~~principles for adverse selection which may occur, and~~
- 22 ~~e. the health insurance plans offered through the~~  
23 ~~Oklahoma Employees Insurance and Benefits Act, and for~~  
24 ~~the Oklahoma Public Employee Retirement System, other~~

1 employer-provided health insurance benefit plans if  
2 the employer does not participate in the plans offered  
3 pursuant to the Oklahoma Employees Insurance and  
4 Benefits Act.

5 2. Health insurance benefit plans offered pursuant to this  
6 section shall provide prescription drug benefits, except for plans  
7 designed pursuant to the Medicare Prescription Drug Improvement and  
8 Modernization Act of 2003, for which provision of prescription drug  
9 benefits is optional, and except for plans offered pursuant to  
10 subparagraph e of paragraph 1 of this subsection.

11 C. 1. Designated public retirement systems shall contribute a  
12 monthly amount towards the health insurance premium of certain  
13 individuals receiving benefits from the public retirement system as  
14 follows:

15 a. a retired employee, other than an education employee  
16 or an employee who participates in the defined  
17 contribution system administered by the Oklahoma  
18 Public Employees Retirement System on or after  
19 November 1, 2015, who is receiving benefits from the  
20 Oklahoma Public Employees Retirement System after  
21 September 30, 1988, shall have One Hundred Five  
22 Dollars (\$105.00), or the premium rate of the health  
23 insurance benefit plan, whichever is less, paid by the  
24 Oklahoma Public Employees Retirement System to the

1 Board or other insurance carrier of the employer if  
2 the employer does not participate in the plans offered  
3 by the Office in the manner specified in subsection G  
4 of this section,

5 b. a retired employee or surviving spouse other than an  
6 education employee who is receiving benefits from the  
7 Oklahoma Law Enforcement Retirement System after  
8 September 30, 1988, is under sixty-five (65) years of  
9 age and is not otherwise eligible for Medicare shall  
10 have the premium rate for the health insurance benefit  
11 plan or One Hundred Five Dollars (\$105.00), whichever  
12 is less, paid by the Oklahoma Law Enforcement  
13 Retirement System to the Office in the manner  
14 specified in subsection G of this section,

15 c. a retired employee other than an education employee  
16 who is receiving benefits from the Oklahoma Law  
17 Enforcement Retirement System after September 30,  
18 1988, is sixty-five (65) years of age or older or who  
19 is under sixty-five (65) years of age and is eligible  
20 for Medicare shall have One Hundred Five Dollars  
21 (\$105.00), or the premium rate of the health insurance  
22 benefit plan, whichever is less, paid by the Oklahoma  
23 Law Enforcement Retirement System to the Office in the  
24 manner specified in subsection G of this section, and

1           d.    a retired employee other than an education employee  
2                who is receiving benefits from the Uniform Retirement  
3                System for Justices and Judges after September 30,  
4                1988, shall have One Hundred Five Dollars (\$105.00),  
5                or the premium rate of the health insurance plan,  
6                whichever is less, paid by the Uniform Retirement  
7                System for Justices and Judges to the Office in the  
8                manner specified in subsection G of this section.

9           2.   Premium payments made pursuant to this section shall be made  
10   subject to the following conditions:

11           a.   the health plan shall be authorized by the provisions  
12                of the Oklahoma Employees Insurance and Benefits Act,  
13                except that if an employer from which an employee  
14                retired or with a vested benefit pursuant to the  
15                provisions of the Oklahoma Public Employees Retirement  
16                System does not participate in the plans authorized by  
17                the provisions of the Oklahoma Employees Insurance and  
18                Benefits Act, the health plan will be the health  
19                insurance benefits of the employer from which the  
20                individual retired or vested,

21           b.   for plans offered by the Oklahoma Employees Insurance  
22                and Benefits Act, the amount to be paid shall be  
23                determined pursuant to the provisions of this  
24                subsection and shall first be applied in whole or in



1 part to the prescription drug coverage premium. Any  
2 remaining amount shall be applied toward the medical  
3 coverage premium,

4 c. for all plans, if the amount paid by the public  
5 retirement system does not cover the full cost of the  
6 elected coverage, the individual shall pay the  
7 remaining premium amount, and

8 d. payment shall be made by the retirement systems in the  
9 manner specified under subsection G of this section.

10 D. For any member of the Oklahoma Law Enforcement Retirement  
11 System killed in the line of duty, whether the member was killed in  
12 the line of duty prior to May 18, 2005, or on or after May 18, 2005,  
13 or if the member was on a disability leave status at the time of  
14 death, the surviving spouse or dependents of such deceased member of  
15 the Oklahoma Law Enforcement Retirement System may elect to continue  
16 or commence health and dental insurance benefits, provided the  
17 dependents pay the full cost of such insurance, and for deaths  
18 occurring on or after July 1, 2002, such election is made within  
19 thirty (30) days of the date of death. The eligibility for the  
20 benefits shall terminate for the surviving children when the  
21 children cease to qualify as dependents.

22 E. Effective July 1, 2004, a retired member of the Oklahoma Law  
23 Enforcement Retirement System who retired from the System by means  
24 of a personal and traumatic injury of a catastrophic nature and in

1 the line of duty and any surviving spouse of such retired member and  
2 any surviving spouse of a member who was killed in the line of duty  
3 shall have one hundred percent (100%) of the retired member's or  
4 surviving spouse's health care premium cost, ~~whether the member or~~  
5 ~~surviving spouse elects coverage under the Medicare supplement or~~  
6 ~~Medicare risk-sharing contract,~~ paid by the Oklahoma Law Enforcement  
7 Retirement System to the Office in the manner specified in  
8 subsection H of this section. For plans offered by the Office, such  
9 contributions will first be applied in whole or in part to the  
10 prescription drug coverage premium, if any.

11 F. Dependents of a deceased employee who was on active work  
12 status or on a disability leave at the time of death or of a  
13 participating retardant or of any person who has elected to receive  
14 a vested benefit under the Oklahoma Public Employees Retirement  
15 System, the Uniform Retirement System for Justices and Judges or the  
16 Oklahoma Law Enforcement Retirement System may continue the health  
17 and dental insurance benefits in force, provided the dependents pay  
18 the full cost of such insurance and they were covered as eligible  
19 dependents at the time of such death and such election is made  
20 within thirty (30) days of date of death. The eligibility for the  
21 benefits shall terminate for the surviving children when the  
22 children cease to qualify as dependents.

23 G. The amounts required to be paid by the Oklahoma Public  
24 Employees Retirement System, the Uniform Retirement System for

1 Justices and Judges and the Oklahoma Law Enforcement Retirement  
2 System pursuant to this section shall be forwarded no later than the  
3 tenth day of each month following the month for which payment is due  
4 by the Oklahoma Public Employees Retirement System Board of Trustees  
5 or the Oklahoma Law Enforcement Retirement Board to the Office for  
6 deposit in the Health, Dental and Life Insurance Reserve Fund or to  
7 another insurance carrier as provided for in subsection H of Section  
8 1315 of this title.

9 H. Upon retirement from employment of the Board of Regents of  
10 the University of Oklahoma, any person who was or is employed at the  
11 George Nigh Rehabilitation Institute and who transferred employment  
12 pursuant to Section 3427 of Title 70 of the Oklahoma Statutes, any  
13 person who was employed at the Medical Technology and Research  
14 Authority and who transferred employment pursuant to Section 7068 of  
15 this title, and any person who is a member of the Oklahoma Law  
16 Enforcement Retirement System pursuant to the authority of Section  
17 2-314 of Title 47 of the Oklahoma Statutes may participate in the  
18 benefits authorized by the provisions of the Oklahoma Employees  
19 Insurance and Benefits Act for retired participants, including  
20 health, dental and life insurance benefits, if such election to  
21 participate is made within thirty (30) days from the date of  
22 termination of service. Life insurance benefits for any such person  
23 who transferred employment shall not exceed the coverage the person  
24 had at the time of such transfer. Retirees who transferred

1 employment and who participate pursuant to this paragraph shall pay  
2 the premium for elected benefits less any amounts paid by a state  
3 retirement system pursuant to this section.

4 SECTION 13. AMENDATORY 74 O.S. 2011, Section 1316.3, as  
5 amended by Section 963, Chapter 304, O.S.L. 2012 (74 O.S. Supp.  
6 2016, Section 1316.3), is amended to read as follows:

7 Section 1316.3 A. Any person who retires pursuant to the  
8 provisions of the Teachers' Retirement System of Oklahoma with at  
9 least ten (10) years of creditable service or who has a vested  
10 benefit with at least ten (10) years of creditable service, pursuant  
11 to the provisions of the Teachers' Retirement System of Oklahoma may  
12 continue in force the health and dental insurance benefits  
13 authorized by the provisions of the Oklahoma Employees Insurance and  
14 Benefits Act if such election to continue in force or begin is made  
15 within thirty (30) days from the date of termination of service.  
16 Except as provided in subsection E of Sections 5-117.5 and 14-108.1  
17 of Title 70 of the Oklahoma Statutes and Section 840-2.27I of this  
18 title and subsection K of this section, health and dental insurance  
19 coverage may not be reinstated at a later time if the election to  
20 continue in force or begin coverage is declined. Vested persons who  
21 have terminated service and are not receiving benefits and effective  
22 July 1, 1996, nonvested persons who have terminated service with  
23 more than ten (10) years of participating service with a qualifying  
24 employer, who within thirty (30) days from the date of termination

1 of service, elect to continue such coverage, shall pay the full cost  
2 of said insurance premium at the rate and pursuant to the terms and  
3 conditions established by the Office of Management and Enterprise  
4 Services.

5 B. 1. Health insurance benefit plans offered pursuant to this  
6 section shall include:

- 7 a. ~~indemnity plans offered through the Office,~~
- 8 b. ~~managed care plans offered as alternatives to the~~  
9 ~~indemnity plans,~~
- 10 c. ~~Medicare supplements offered through the Office,~~
- 11 d. ~~Medicare risk-sharing contracts offered as~~  
12 ~~alternatives to the Medicare supplements offered~~  
13 ~~through the Office, and~~
- 14 e. the health insurance plans offered through the  
15 Oklahoma Employees Insurance and Benefits Act, and any  
16 other employer-provided health insurance benefit plans  
17 if the employer does not participate in the plans  
18 offered pursuant to the Oklahoma Employees Insurance  
19 and Benefits Act.

20 2. Health insurance benefit plans offered pursuant to this  
21 section shall provide prescription drug benefits, except for plans  
22 designed pursuant to the Medicare Prescription Drug Improvement and  
23 Modernization Act of 2003, which may or may not contain prescription  
24 drug benefits, for which provision of prescription drug benefits is

1 optional, and except for other employer-provided health insurance  
2 benefit plans offered pursuant to ~~subparagraph e~~ of paragraph 1 of  
3 this subsection.

4 C. A retired person who:

5 1. Is receiving benefits from the Teachers' Retirement System  
6 of Oklahoma after September 30, 1988, is under sixty-five (65) years  
7 of age and is not otherwise eligible for Medicare and pursuant to  
8 subsection A of this section elects to begin or to continue the  
9 health insurance plan;

10 2. Is receiving benefits from the Teachers' Retirement System  
11 of Oklahoma after June 30, 1993, is under sixty-five (65) years of  
12 age and is not otherwise eligible for Medicare and participates in a  
13 health insurance plan provided by a participating education employer  
14 of the Teachers' Retirement System of Oklahoma other than a health  
15 insurance plan offered pursuant to the Oklahoma Employees Insurance  
16 and Benefits Act or ~~an alternative~~ a health plan offered pursuant to  
17 the Oklahoma State Employees Benefits Act;

18 3. Is receiving benefits from the Teachers' Retirement System  
19 of Oklahoma after September 30, 1988, made contributions to the  
20 system and is sixty-five (65) years of age or older, or who is under  
21 sixty-five (65) years of age and is eligible for Medicare and is a  
22 participant in the Oklahoma Employees Insurance and Benefits Act and  
23 elects coverage under the Medicare supplement offered by the Office;  
24 or

1        4. Is receiving benefits from the Teachers' Retirement System  
2 of Oklahoma after June 30, 1993, made contributions to the system  
3 and is sixty-five (65) years of age or older, or who is under sixty-  
4 five (65) years of age and is eligible for Medicare and participates  
5 in a health insurance plan provided by a participating education  
6 employer of the Teachers' Retirement System of Oklahoma other than a  
7 health insurance plan offered pursuant to the Oklahoma Employees  
8 Insurance and Benefits Act or ~~an alternative~~ a health plan offered  
9 pursuant to the Oklahoma State Employees Benefits Act and elects  
10 coverage under the Medicare supplement offered by the Office,  
11 shall have the amount determined pursuant to subsection E of this  
12 section, or the premium rate of the health insurance benefit plan,  
13 whichever is less, paid by the Teachers' Retirement System of  
14 Oklahoma. If the amount paid by the Teachers' Retirement System of  
15 Oklahoma does not cover the full cost of the health insurance  
16 premium, the retired person shall pay the remaining amount if the  
17 retired person wants to continue the coverage.

18        D. The Teachers' Retirement System shall pay the amount due  
19 pursuant to the provisions of subsection C of this section as  
20 follows:

21        1. For those individuals participating in plans provided  
22 through the Oklahoma Employees Insurance and Benefits Act, payment  
23 shall be made to the Office pursuant to the provisions of subsection  
24 I of this section; or

2. For those individuals participating in plans provided through a participating education employer of the Teachers' Retirement System of Oklahoma other than a health insurance plan offered pursuant to the Oklahoma Employees Insurance and Benefits Act, payment shall be made to the education employer.

E. Beginning July 1, 2000, the maximum benefit payable by the Teachers' Retirement System of Oklahoma on behalf of a retired person toward said person's monthly premium for health insurance shall be determined in accordance with the following schedule:

	LESS THAN		
	25 YEARS BUT		GREATER
	LESS THAN	GREATER THAN	THAN 24.99
AVERAGE SALARY	15 YEARS OF	14.99 YEARS OF	YEARS OF
USED FOR DETERMINING	CREDITABLE	CREDITABLE	CREDITABLE
RETIREMENT ALLOWANCE	SERVICE	SERVICE	SERVICE
Less than \$20,000.00	\$103.00	\$104.00	\$105.00
Less than \$30,000.00 but			
greater than \$19,999.99	\$102.00	\$103.00	\$104.00
Less than \$40,000.00 but			
greater than \$29,999.99	\$101.00	\$102.00	\$103.00
\$40,000.00 or greater	\$100.00	\$101.00	\$102.00

For plans offered by the Office, the amount paid pursuant to this subsection shall first be applied to the prescription drug



1 coverage premium, if any. Any remaining amounts shall be applied  
2 towards the medical coverage premium.

3 F. If a person retires and begins to receive benefits from the  
4 Teachers' Retirement System of Oklahoma or terminates service and  
5 has a vested benefit with the Teachers' Retirement System of  
6 Oklahoma, the person may elect, in the manner provided in subsection  
7 A of this section, to participate in the dental insurance plan  
8 offered through the Oklahoma Employees Insurance and Benefits Act.  
9 The person shall pay the full cost of the dental insurance.

10 G. Those persons who are receiving benefits from the Teachers'  
11 Retirement System of Oklahoma and have health insurance coverage  
12 which on the operative date of this section is being paid by the  
13 education entity from which the person retired shall make the  
14 election required in subsection A of this section within thirty (30)  
15 days of the termination of said health insurance coverage. The  
16 person making the election shall give the Office certified  
17 documentation satisfactory to the Office of the termination date of  
18 the other health insurance coverage.

19 H. Dependents of a deceased education employee who was on  
20 active work status or on a disability leave at the time of death or  
21 of a participating retirant or of any person who has elected to  
22 receive a vested benefit under the Teachers' Retirement System of  
23 Oklahoma may continue the health and dental insurance benefits in  
24 force provided said dependents pay the full cost of such insurance

1 and they were covered as eligible dependents at the time of such  
2 death and such election is made within thirty (30) days of date of  
3 death. The eligibility for said benefits shall terminate for the  
4 surviving children when said children cease to qualify as  
5 dependents.

6 I. The amounts required to be paid by the Teachers' Retirement  
7 System of Oklahoma pursuant to this section shall be forwarded no  
8 later than the tenth day of each month following the month for which  
9 payment is due by the Board of Trustees of the Teachers' Retirement  
10 System of Oklahoma to the Office for deposit in the Education  
11 Employees Group Insurance Reserve Fund.

12 J. The Teachers' Retirement System of Oklahoma shall provide  
13 the Office information concerning the employers of retired and  
14 vested members necessary to allow the Office to track eligibility  
15 for continued coverage.

16 K. Upon retirement from employment with the Board of Regents of  
17 the University of Oklahoma, any person who is or was employed at the  
18 George Nigh Rehabilitation Institute and who transferred employment  
19 pursuant to Section 3427 of Title 70 of the Oklahoma Statutes, any  
20 person who was employed at the Medical Technology and Research  
21 Authority and who transferred employment pursuant to Section 7068 of  
22 this title, and any person who is a member of the Oklahoma Law  
23 Enforcement Retirement System pursuant to the authority of Section  
24 2-314 of Title 47 of the Oklahoma Statutes may participate in the

1 benefits authorized by the provisions of the Oklahoma Employees  
2 Insurance and Benefits Act for retired participants, including  
3 health, dental and life insurance benefits, if such election to  
4 participate is made within thirty (30) days from the date of  
5 termination of employment. Life insurance benefits for any such  
6 person who transferred employment shall not exceed the coverage the  
7 person had at the time of such transfer. Retirees who are persons  
8 transferred employment and who participate pursuant to this  
9 paragraph shall pay the premium for elected benefits less any  
10 amounts paid by the retirement system pursuant to this section.

11 SECTION 14. AMENDATORY 74 O.S. 2011, Section 1321, as  
12 amended by Section 966, Chapter 304, O.S.L. 2012 (74 O.S. Supp.  
13 2016, Section 1321), is amended to read as follows:

14 Section 1321. A. The Office of Management and Enterprise  
15 Services shall have the authority to determine all rates and life,  
16 dental and health benefits. All rates shall be compiled in a  
17 comprehensive Schedule of Benefits. The Schedule of Benefits shall  
18 be available for inspection during regular business hours at the  
19 Office of Management and Enterprise Services. The Office shall have  
20 the authority to annually adjust the rates and benefits based on  
21 claim experience.

22 B. The premiums for such insurance plans offered for the next  
23 plan year shall be established as follows:

24

1        1. For active employees and their dependents, the Office's  
2 premium determination shall be ~~made no later than the bid submission~~  
3 ~~date for health maintenance organizations set by the Oklahoma State~~  
4 ~~Employees Benefits Council, which shall be set in August no later~~  
5 than the third Friday of that month; and

6        2. For all other covered members and dependents, the Office's  
7 ~~and the health maintenance organizations'~~ premium determinations  
8 shall be no later than the fourth Friday of September.

9        C. The Office may approve a mid-year adjustment provided the  
10 need for an adjustment is substantiated by an actuarial  
11 determination or more current experience rating. The only  
12 publication or notice requirements that shall apply to the Schedule  
13 of Benefits shall be those requirements provided in the Oklahoma  
14 Open Meeting Act. It is the intent of the Legislature that the  
15 benefits provided not include cosmetic dental procedures except for  
16 certain orthodontic procedures as adopted by the Director.

17        SECTION 15.        AMENDATORY        74 O.S. 2011, Section 1327, as  
18 amended by Section 971, Chapter 304, O.S.L. 2012 (74 O.S. Supp.  
19 2016, Section 1327), is amended to read as follows:

20        Section 1327. A. All health benefit plans offered by the  
21 Office of Management and Enterprise Services which provide for  
22 services for vision care or medical diagnosis and treatment for the  
23 eye shall allow optometrists to be providers of those services. All  
24 such health benefit plans shall also require equal payment for the

1 same services provided by an optometrist if the services are within  
2 the scope of practice of optometry.

3 B. With respect to optometric services, any health benefit plan  
4 offered by the Office which uses a gatekeeper or equivalent for  
5 referrals for services for vision care or for medical diagnosis and  
6 treatment of the eye shall require such covered services be provided  
7 on a referral basis within the medical group or network at the  
8 request of an enrollee who has a condition requiring vision care or  
9 medical diagnosis and treatment of the eye if:

10 1. A referral is necessitated in the judgment of the primary  
11 care physician; and

12 2. Treatment for the condition falls within the licensed scope  
13 of practice of an optometrist.

14 C. All health benefit plans offered by the Office shall have a  
15 defined set of standards and procedures for selecting providers,  
16 including specialists, to serve enrollees. The standards and  
17 procedures shall be drafted in such a manner that they are  
18 applicable to all categories of providers and shall be utilized ~~by~~  
19 ~~the health maintenance organization~~ in a manner that is without bias  
20 for or discrimination against a particular category or categories of  
21 providers.

22 D. No health benefit plan specified by this section shall  
23 require a provider to have hospital privileges if hospital  
24

1 privileges are not usual and customary for the services the provider  
2 provides.

3 E. Nothing in this section shall be construed to:

4 1. Prohibit a health benefit plan offered by the Office which  
5 provides for services for vision care or medical diagnosis and  
6 treatment for the eye from determining the adequacy of the size of  
7 its network;

8 2. Prohibit an optometrist from agreeing to a fee schedule;

9 3. Limit, expand, or otherwise affect the scope of practice of  
10 optometry; or

11 4. Alter, repeal, modify or affect the laws of this state  
12 except where such laws are in conflict or are inconsistent with the  
13 express provisions of this section.

14 F. Existing health benefit plans offered by the Office shall  
15 comply with the requirements of this section upon issuance or  
16 renewal on or after the effective date of this act.

17 SECTION 16. AMENDATORY 74 O.S. 2011, Section 1362, is  
18 amended to read as follows:

19 Section 1362. It is hereby declared that the purpose of Section  
20 1361 et seq. of this title is:

21 1. To recognize that the employee benefit needs of individual  
22 state employees differ, depending on the age, salary and family  
23 status of the employee, and that it is needful to permit  
24 participating employees to select and tailor the benefits they

1 receive in a manner calculated to best meet the particular needs of  
2 themselves and their families;

3 2. To furnish state employees with choices among various  
4 employee benefits or cash compensation;

5 3. To provide state employees and their dependents with basic  
6 group health insurance, basic group term life insurance, and basic  
7 ~~long-term~~ disability insurance;

8 4. To provide state employees and their dependents with  
9 optional employee benefits, to include, but not be limited to,  
10 enhanced health insurance coverage, ~~health maintenance organization~~  
11 ~~services~~, life insurance, dental insurance and enhanced long-term  
12 disability insurance;

13 5. To provide state employees with reimbursement for qualifying  
14 dependent care expenses for which a dependent care tax credit is not  
15 taken, reimbursement for qualifying health care expenses not  
16 reimbursed by any other insurance plan or taken as a tax deduction,  
17 additional benefits which are currently taxable, additional benefits  
18 which are not currently taxable, and cash compensation;

19 6. To provide state employees with tax sheltered income  
20 deferment plans;

21 7. To provide uniform benefit options for all state employees  
22 regardless of their place of residence within this state;

23 8. To manage the provision of health care benefits in a manner  
24 that allows for the long term control of costs;

1        9. To provide for the coordination and design, in accordance  
2 with applicable law, of all employee benefits offered to state  
3 employees so as to increase the efficient delivery and effectiveness  
4 of those benefits;

5        10. To enable the state to attract and retain qualified  
6 employees by providing employee benefits which are competitive with  
7 those provided private industry;

8        11. To offer uniformity in those benefits that are offered to  
9 both state employees and those eligible for participation in the  
10 State and Education Employees Group Insurance Act, Section 1301 et  
11 seq. of this title;

12        12. To recognize and protect the state's investment in each  
13 employee by promoting and preserving good health and longevity among  
14 state employees;

15        13. To recognize the service to the state by elected and  
16 appointed officials by extending to them the same benefits as are  
17 provided under the flexible benefits program to state employees; and

18        14. To recognize long and faithful service, and to encourage  
19 employees to remain in state service until eligible for retirement  
20 by providing employee benefits.

21        SECTION 17.        AMENDATORY        74 O.S. 2011, Section 1366, as  
22 amended by Section 976, Chapter 304, O.S.L. 2012 (74 O.S. Supp.  
23 2016, Section 1366), is amended to read as follows:  
24



1       Section 1366. A. The Office of Management and Enterprise  
2 Services shall establish a flexible benefits plan in accordance with  
3 the provisions of Section 1361 et seq. of this title. All  
4 participating employers shall offer the plan to their eligible  
5 employees.

6       B. The Office shall interpret the plan and decide any matters  
7 arising thereunder and may adopt such rules and procedures as it  
8 deems necessary, desirable or appropriate in the administration of  
9 the plan subject to the Administrative Procedures Act. All rules  
10 and decisions of the Office shall be uniformly and consistently  
11 applied to all participants in similar circumstances and shall be  
12 conclusive and binding on all persons having an interest in the  
13 plan. When making any decision or determination, the Office shall  
14 be entitled to rely upon such information as may be furnished to it  
15 by a participant, a participating employer, legal counsel, third-  
16 party administrator or the management of any individual benefit plan  
17 which is incorporated in the plan.

18       C. The Office may contract with one or more firms or  
19 organizations to administer or provide consulting services in regard  
20 to all or any portion of the plan.

21       The Office shall solicit proposals on a competitive bid basis.  
22 Contracts for the flexible benefits plan shall not be subject to the  
23 provisions of The Oklahoma Central Purchasing Act, Section 85.1 et  
24 seq. of this title. The Office shall promulgate rules establishing

1 appropriate competitive bidding criteria and procedures for  
2 contracts awarded for flexible benefits plans.

3 When awarding a contract for services pursuant to this  
4 subsection, the Office shall satisfy itself that the contractor has  
5 no interests which would impair its ability to perform the tasks and  
6 services required and that the contractor will exercise proper  
7 independent judgment when performing its responsibilities under  
8 Section 1361 et seq. of this title and under the contract.

9 D. Expenses included in an employee's salary adjustment  
10 agreement pursuant to the flexible benefits plan shall be limited to  
11 expenses for:

12 1. Premiums for any health insurance, ~~health maintenance~~  
13 ~~organization~~, life insurance, long term disability insurance, or  
14 dental insurance ~~or high deductible health benefit plan~~ offered to  
15 employees and their dependents;

16 2. Insurance premiums or retirement plan premiums or payments  
17 which are supplemental to insurance or retirement programs offered  
18 by this state or which are paid for under salary adjustment  
19 agreements pursuant to the provisions of Section 34.70 of Title 62  
20 of the Oklahoma Statutes;

21 3. Dependent care;

22 4. Medical care, as defined by the Office; and

23 5. All other eligible benefit programs offered under 26 United  
24 States Code Section 125.

1 E. The amount by which an employee's salary is adjusted  
2 pursuant to a salary adjustment agreement shall be excluded from  
3 income in computation of income tax withholding, federal insurance  
4 contributions act taxes, unemployment payments and workers'  
5 compensation coverage. Such amount shall be included as income in  
6 computation of state retirement contributions and benefits.  
7 Provided, if the inclusions and exclusions provided in this  
8 subsection conflict with the provisions of federal law or  
9 regulations pertaining to flexible benefits plans, the Council is  
10 authorized to modify or abolish such inclusions and exclusions.

11 F. 1. Legal representation shall be provided by the Office of  
12 the Attorney General.

13 2. The executive director shall be the appointing authority and  
14 agency head. All other positions and employees shall be classified  
15 and subject to the provisions of the Merit System of Personnel  
16 Administration except actuaries and other personnel and positions in  
17 the unclassified service as provided in Section 840-5.5 of this  
18 title.

19 SECTION 18. AMENDATORY 74 O.S. 2011, Section 1370, as  
20 last amended by Section 4, Chapter 266, O.S.L. 2013 (74 O.S. Supp.  
21 2016, Section 1370), is amended to read as follows:

22 Section 1370. A. Subject to the requirement that a participant  
23 must elect the default benefits, the basic plan, or is a person who  
24 has retired from a branch of the United States military and has been

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

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

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

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

16 2. The greater of the amount of benefit which the participant  
17 would have qualified for as of plan year 2012 or an amount equal to  
18 the monthly premium of the HealthChoice High Option plan, the  
19 average monthly premiums of the dental plans, the monthly premium of  
20 the disability plan, and the monthly premium of the basic life  
21 insurance plan offered to state employees plus one of the additional  
22 amounts as follows for participants who elect to include one or more  
23 dependents:  
24

- a. for a spouse, seventy-five percent (75%) of the HealthChoice High Option plan, 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;

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

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

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

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

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

1 obligation to pay the participating employer any pay conversion  
2 dollars allocated to the portion of the plan year after the  
3 participant's termination of employment.

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

19 SECTION 19. AMENDATORY 74 O.S. 2011, Section 1371, as  
20 last amended by Section 1, Chapter 178, O.S.L. 2016 (74 O.S. Supp.  
21 2016, Section 1371), is amended to read as follows:

22 Section 1371. A. All participants must purchase at least the  
23 basic plan unless, to the extent that it is consistent with federal  
24 law, the participant is a person who has retired from a branch of



1 the United States military and has been provided with health  
2 coverage through a federal plan and that participant provides proof  
3 of that coverage, or the participant has opted out of the state's  
4 basic plan according to the provisions in Section 1308.3 of this  
5 title. On or before ~~January 1 of the plan year beginning July 1,~~  
6 ~~2001, and~~ July 1 of any plan year beginning after January 1, 2002,  
7 the Oklahoma Employees Insurance and Benefits Board shall design the  
8 basic plan for the next plan year to ensure that the basic plan  
9 provides adequate coverage to all participants. All benefit plans,  
10 ~~whether offered by the State and Education Employees Group Insurance~~  
11 ~~Board, a health maintenance organization or other vendors~~ shall meet  
12 the minimum requirements set by the Board for the basic plan.

13 B. The Board shall offer health, disability, life and dental  
14 coverage to all participants and their dependents. For health,  
15 dental, disability and life coverage, the Board shall offer plans at  
16 the basic benefit level established by the Board, and in addition,  
17 may offer benefit plans that provide an enhanced level of benefits.  
18 The Board shall be responsible for determining the plan design and  
19 the benefit price for the plans that they offer. Effective for the  
20 plan year beginning January 1, 2017, and for each plan year  
21 thereafter, in setting health insurance premiums for active  
22 employees and for retirees under sixty-five (65) years of age, the  
23 Board shall set the monthly premium for active employees to be equal  
24 to the monthly premium for retirees under sixty-five (65) years of

1 age; except that the Board may offer retirees under sixty-five (65)  
2 years of age the opportunity to voluntarily enroll in an alternative  
3 plan of insurance at a rate that is between One Hundred Dollars  
4 (\$100.00) less than the monthly premium for active employees and up  
5 to One Hundred Dollars (\$100.00) more than the monthly premium for  
6 active employees. Retirees under the age of sixty-five (65) who  
7 enroll in an alternative plan of insurance shall retain the right to  
8 enroll in any other health insurance plan offered by the Board for  
9 which they might be qualified during a subsequent open enrollment  
10 period.

11 Nothing in this subsection shall be construed as prohibiting the  
12 Board from offering additional medical plans, provided that any  
13 medical plan offered to participants shall meet or exceed the  
14 benefits provided in the medical portion of the basic plan.

15 ~~C. In lieu of electing any of the preceding medical benefit~~  
16 ~~plans, a participant may elect medical coverage by any health~~  
17 ~~maintenance organization made available to participants by the~~  
18 ~~Board. The benefit price of any health maintenance organization~~  
19 ~~shall be determined on a competitive bid basis. Contracts for said~~  
20 ~~plans shall not be subject to the provisions of The Oklahoma Central~~  
21 ~~Purchasing Act. The Board shall promulgate rules establishing~~  
22 ~~appropriate competitive bidding criteria and procedures for~~  
23 ~~contracts awarded for flexible benefits plans. All plans offered by~~  
24 ~~health maintenance organizations meeting the bid requirements as~~

1 ~~determined by the Board shall be accepted. The Board shall have the~~  
2 ~~authority to reject the bid or restrict enrollment in any health~~  
3 ~~maintenance organization for which the Board determines the benefit~~  
4 ~~price to be excessive. The Board shall have the authority to reject~~  
5 ~~any plan that does not meet the bid requirements. All bidders shall~~  
6 ~~submit along with their bid a notarized, sworn statement as provided~~  
7 ~~by Section 85.22 of this title.~~ Effective for the plan year  
8 beginning January 1, 2007, and for each plan year thereafter, in  
9 setting health insurance premiums for active employees and for  
10 retirees under sixty-five (65) years of age, HMOs, self-insured  
11 organizations and prepaid plans shall set the monthly premium for  
12 active employees to be equal to the monthly premium for retirees  
13 under sixty-five (65) years of age.

14 D. Nothing in this section shall be construed as prohibiting  
15 the Board from offering additional qualified benefit plans or  
16 currently taxable benefit plans.

17 E. Each employee of a participating employer who meets the  
18 eligibility requirements for participation in the flexible benefits  
19 plan shall make an annual election of benefits under the plan during  
20 an enrollment period to be held prior to the beginning of each plan  
21 year. The enrollment period dates will be determined annually and  
22 will be announced by the Board, providing the enrollment period  
23 shall end no later than thirty (30) days before the beginning of the  
24 plan year.

1 Each such employee shall make an irrevocable advance election  
2 for the plan year or the remainder thereof pursuant to such  
3 procedures as the Board shall prescribe. Any such employee who  
4 fails to make a proper election under the plan shall, nevertheless,  
5 be a participant in the plan and shall be deemed to have purchased  
6 the default benefits described in this section.

7 F. The Board shall prescribe the forms that participants will  
8 be required to use in making their elections, and may prescribe  
9 deadlines and other procedures for filing the elections.

10 G. Any participant who, in the first year for which he or she  
11 is eligible to participate in the plan, fails to make a proper  
12 election under the plan in conformance with the procedures set forth  
13 in this section or as prescribed by the Board shall be deemed  
14 automatically to have purchased the default benefits. The default  
15 benefits shall be the same as the basic plan benefits. Any  
16 participant who, after having participated in the plan during the  
17 previous plan year, fails to make a proper election under the plan  
18 in conformance with the procedures set forth in this section or  
19 prescribed by the Board, shall be deemed automatically to have  
20 purchased the same benefits which the participant purchased in the  
21 immediately preceding plan year, except that the participant shall  
22 not be deemed to have elected coverage under the health care  
23 reimbursement account plan or the dependent care reimbursement  
24 account plan.

1       ~~H. Benefit plan contracts with the Board, health maintenance~~  
2 ~~organizations, and other third party insurance vendors shall provide~~  
3 ~~for a risk adjustment factor for adverse selection that may occur,~~  
4 ~~as determined by the Board, based on generally accepted actuarial~~  
5 ~~principles.~~

6       ~~I. 1. For the plan year ending December 31, 2004, employees~~  
7 ~~covered or eligible to be covered under the State and Education~~  
8 ~~Employees Group Insurance Act and the State Employees Flexible~~  
9 ~~Benefits Act who are enrolled in a health maintenance organization~~  
10 ~~offering a network in Oklahoma City, shall have the option of~~  
11 ~~continuing care with a primary care physician for the remainder of~~  
12 ~~the plan year if:~~

13           ~~a. that primary care physician was part of a provider~~  
14           ~~group that was offered to the individual at enrollment~~  
15           ~~and later removed from the network of the health~~  
16           ~~maintenance organization, for reasons other than for~~  
17           ~~cause, and~~

18           ~~b. the individual submits a request in writing to the~~  
19           ~~health maintenance organization to continue to have~~  
20           ~~access to the primary care physician.~~

21       ~~2. The primary care physician selected by the individual shall~~  
22 ~~be required to accept reimbursement for such health care services on~~  
23 ~~a fee for service basis only. The fee for service shall be computed~~  
24 ~~by the health maintenance organization based on the average of the~~

1 ~~other fee for service contracts of the health maintenance~~  
2 ~~organization in the local community. The individual shall only be~~  
3 ~~required to pay the primary care physician those co-payments,~~  
4 ~~coinsurance and any applicable deductibles in accordance with the~~  
5 ~~terms of the agreement between the employer and the health~~  
6 ~~maintenance organization and the provider shall not balance bill the~~  
7 ~~patient.~~

8 ~~3. Any network offered in Oklahoma City that is terminated~~  
9 ~~prior to July 1, 2004, shall notify the health maintenance~~  
10 ~~organization, and Oklahoma Employees Insurance and Benefits Board by~~  
11 ~~June 11, 2004, of the network's intentions to continue providing~~  
12 ~~primary care services as described in paragraph 2 of this subsection~~  
13 ~~offered by the health maintenance organization to state and public~~  
14 ~~employees.~~

15 SECTION 20. REPEALER 74 O.S. 2011, Sections 1366.1, as  
16 amended by Section 977, Chapter 304, O.S.L. 2012 and 1366.2, as  
17 amended by Section 978, Chapter 304, O.S.L. 2012 (74 O.S. Supp.  
18 2016, Sections 1366.1 and 1366.2), are hereby repealed.

19 SECTION 21. This act shall become effective November 1, 2017.  
20

21 COMMITTEE REPORT BY: COMMITTEE ON RULES, dated 03/01/2017 - DO PASS,  
22 As Amended.  
23  
24