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AS AMENDED

By: Mulready of the House

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1 that does not participate in the health and dental insurance plans
2 offered through the ~~State and Education~~ Oklahoma Employees Group
3 Insurance and Benefits Act shall obtain health insurance coverage
4 for the employees which provides open enrollment, and provide for
5 the continuation of health insurance coverage, including
6 supplemental Medicare insurance coverage, for those district
7 employees who retire from said district after September 30, 1991,
8 with a vested benefit in the Teachers' Retirement System of
9 Oklahoma. A retired person who begins receiving benefits from the
10 Teachers' Retirement System of Oklahoma after September 30, 1991,
11 who retires from a technology center school district that provides
12 other health insurance coverage, and who elects to continue said
13 health insurance coverage shall pay to the technology center school
14 district the premium rate for the health insurance minus an amount
15 equal to the premium rate of the Medicare supplement or the amount
16 determined pursuant to subsection ~~(4)~~ E of Section 1316.3 of Title
17 74 of the Oklahoma Statutes, whichever is less, which shall be paid
18 by the Teachers' Retirement System of Oklahoma to the technology
19 center school district. The technology center school district shall
20 remit to the health insurance coverage provider the total premium
21 due less any uncollected amounts payable from retired technology
22 center school district employees or their qualified survivors.

23 B. A technology center school district that participates in
24 health insurance coverage other than the health insurance plan

1 offered by the ~~State and Education~~ Oklahoma Employees ~~Group~~
2 Insurance and Benefits Act shall not be required to pay any portion
3 of the premium for the employees or the dependents of the employees
4 of said school district. Unless a school district negotiates an
5 agreement with its employees regarding health insurance pursuant to
6 Sections 509.1 through 509.9 of this title, and to the extent that
7 the agreement provides for the members of the recognized bargaining
8 unit, 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 is prohibited from acquiring additional
12 or supplemental health or dental insurance for any board member,
13 superintendent or any other employee which is not available to all
14 employees of said district, and said technology center school
15 district shall not pay a greater portion of the employee or
16 dependent premium for any health or dental insurance plan or plans
17 provided by said technology center school district on behalf of any
18 board member, superintendent or employee than that portion paid on
19 behalf of all participating employees of said district.

20 C. If a technology center school district obtains health
21 insurance coverage from a source other than through the ~~State and~~
22 ~~Education~~ Oklahoma Employees ~~Group~~ Insurance and Benefits Act, the
23 employees of the technology center school district who would be
24 eligible to participate in the health and dental plans may require

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

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

1 E. A carrier providing health insurance coverage for employees
2 of a technology center school district health insurance group which
3 replaces a previous carrier for such technology center school
4 district employees shall provide coverage for each retired employee
5 who is receiving a benefit or terminates employment with a vested
6 benefit from the Teachers' Retirement System of Oklahoma and who is
7 enrolled in the health insurance group by the previous carrier at
8 the time the previous carrier providing health insurance coverage is
9 replaced. Notwithstanding any provision in this section to the
10 contrary, any person who retires pursuant to the provisions of the
11 Teachers' Retirement System of Oklahoma prior to May 1, 1993, or
12 terminates service with a vested benefit, pursuant to the provisions
13 of the Teachers' Retirement System of Oklahoma prior to May 1, 1993,
14 may continue to participate in the health and dental plans
15 authorized by the provisions of the ~~State and Education~~ Oklahoma
16 Employees Group Insurance and Benefits Act.

17 F. In the event a technology center school district ceases to
18 exist, the assets and duties of said technology center school
19 district are transferred to one or more other technology center
20 school districts, said other technology center school district or
21 districts do not agree to employ all of the former employees of the
22 technology center school district that is ceasing to exist, and said
23 former employees who are not being reemployed have rights under
24 federal or state law to continue group insurance coverage, the

1 annexing technology center school district having the largest
2 general fund revenue for the most recent preceding fiscal year for
3 which data is available shall provide group insurance coverage to
4 said former employees not being retained during the period as
5 required by law.

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

8 Section 26-105.1 The provisions of the Larry Dickerson
9 Education Flexible Benefits Allowance Act shall apply to school
10 districts participating in the Oklahoma ~~State Education and~~
11 ~~Employees Group Insurance Board plan~~ and Benefits Act or school
12 districts that are self-insured.

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

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

16 1. Had a vested or retirement benefit pursuant to the
17 provisions of any of the state public retirement systems;
18 2. Was separated from state service as a result of a reduction-
19 in-force since July 1, 1997; and

20 3. Was offered severance benefits pursuant to the State
21 Government Reduction-in-Force and Severance Benefits Act,
22 may reinstate health insurance coverage any time within two (2)
23 years following the date of the reduction-in-force from the state,
24 and be eligible for the purchase of all other benefits available to

1 former employees with a vested benefit of the state public
2 retirement system of which the employee is a member.

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

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

12 D. A former employee who reinstates health insurance coverage
13 pursuant to this section shall pay the full cost of the insurance
14 premium at the then available rate and pursuant to the rules and
15 enrollment procedures established by the ~~State and Education~~
16 Oklahoma Employees Group Insurance and Benefits Board. The former
17 employee will be subject to the same rate changes as those made
18 available to all other state vested or retired employees. The
19 former employee may elect coverage for the employee's current
20 dependents if the election is made within thirty (30) days of
21 reinstatement of health insurance.

22 SECTION 4. AMENDATORY 74 O.S. 2011, Section 1302, is
23 amended to read as follows:
24

1 Section 1302. It is hereby declared that the purpose of this
2 act is:

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

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

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

12 (d) To recognize the service to the state by elected and
13 appointed officials by extending to them the same health, dental and
14 life insurance benefits as are provided herein for state employees;
15 and

16 (e) To recognize long and faithful service, and to encourage
17 employees to remain in state service until eligible for retirement
18 by providing health, dental and life insurance benefits for
19 employees; ~~and~~

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

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

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

3 1. "Board" means the Oklahoma Employees Insurance and Benefits
4 Board as created by the Oklahoma Employees Insurance and Benefits
5 Act;

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

7 3. "Employee" means those state employees, education employees
8 and other eligible employees participating in the Oklahoma Employees
9 Insurance and Benefits Act;

10 4. "Education employee" means those employees other than
11 adjunct professors employed by a state institution of higher
12 education, in the service of an education entity who are members or
13 are or will be eligible to become members of the Teachers'
14 Retirement System of Oklahoma and who receive compensation for such
15 service after the education entity begins to participate in the
16 Oklahoma Employees Insurance and Benefits Act and visiting faculty
17 who are not eligible for membership in the Teachers' Retirement
18 System of Oklahoma;

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

23 6. "Visiting faculty" means a person employed by an institution
24 of higher education who is not eligible for academic rank or tenure,

1 other than an adjunct professor, and who is contracted to instruct
2 in a given specific discipline generally not to exceed one (1)
3 academic year;

4 7. "Education entity" means a school district, a technology
5 center school district, or an institution comprising The Oklahoma
6 State System of Higher Education;

7 8. "State employee" means and includes each officer or employee
8 in the service of the State of Oklahoma who, after January 1, 1966,
9 received compensation for service rendered to the State of Oklahoma
10 on a warrant issued pursuant to a payroll certified by a department
11 or by an elected or duly appointed officer of the state or who
12 receives payment for the performance of personal services on a
13 warrant issued pursuant to a payroll certified by a department and
14 drawn by the State Treasurer against appropriations made by the
15 Legislature from any state fund or against trust funds held by the
16 State Treasurer, who is employed in a position normally requiring
17 actual performance of duty during not less than one thousand (1,000)
18 hours per year, and whose employment is not seasonal or temporary,
19 except that a person elected by popular vote will be considered an
20 employee during the person's tenure in office; provided, however,
21 that employees who are otherwise eligible who are on approved leave
22 without pay shall be eligible to continue coverage during such leave
23 not to exceed twenty-four (24) months, as provided and published in
24 the Office of Management and Enterprise Services Rules for

1 Employment, from the date the employee goes on such leave provided
2 the employee pays the full premiums due or persons who are drawing
3 disability benefits under the State Employees Disability Program Act
4 or meet each and every requirement of the State Employees Disability
5 Program shall be eligible to continue coverage provided the person
6 pays the full premiums due;

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

13 10. "Health insurance plan" means a self-insured plan offered
14 by the ~~State of Oklahoma~~ Employees Insurance and Benefits Board for
15 the purpose of paying the cost of hospital and medical care up to
16 the maximum coverage provided by said plan ~~or prepaid medical~~
17 ~~plan(s) offered to employees as an alternative to the state-~~
18 ~~administered plan by federally qualified HMOs which have contracted~~
19 ~~with the state;~~

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

23 12. "Dental benefits plan" means a plan by the State of
24 Oklahoma for the purpose of paying the cost of dental care up to the

1 maximum coverage provided by the plan; whenever the term "dental
2 insurance plan" or a term of like import appears in the Oklahoma
3 Employees Insurance and Benefits Act, the term shall mean "dental
4 benefits plan";

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

9 14. "Dependent" means an employee's spouse or any unmarried
10 child:

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

14 (1) an adopted child, and

15 (2) a stepchild or child who lives with the employee
16 in a regular parent-child relationship, or

17 b. regardless of age who is incapable of self-support
18 because of mental or physical incapacity that existed
19 prior to reaching the age of twenty-five (25) years;

20 15. "Comprehensive benefits" means benefits which reimburse the
21 expense of hospital room and board, other hospital services, certain
22 outpatient expenses, maternity benefits, surgical expense, including
23 obstetrical care, in-hospital medical care expense, diagnostic
24 radiological and laboratory benefits, physicians' services provided

1 by house and office calls, treatments administered in physicians'
2 office, prescription drugs, psychiatric services, Christian Science
3 practitioners' services, Christian Science nurses' services,
4 optometric medical services for injury or illness of the eye, home
5 health care, home nursing service, hospice care, and such other
6 benefits as may be determined by the Board. Such benefits shall be
7 provided on a copayment or coinsurance basis, the insured to pay a
8 proportion of the cost of such benefits, and may be subject to a
9 deductible that applies to all or part of the benefits as determined
10 by the Board; and

11 16. "Life insurance coverage" shall include a maximum amount of
12 basic life insurance or benefit with or without a double indemnity
13 provision and an amount of accidental death and dismemberment
14 insurance or benefit per employee to be provided by the State of
15 Oklahoma, and the employee shall have the option to purchase
16 additional life insurance or benefits on the employee's life up to
17 the amount provided by the plan. Such basic life insurance
18 benefits, with or without double indemnity, and accidental death and
19 dismemberment benefits shall not exclude coverage for death or
20 dismemberment resulting from war, insurrection or riot. The Board
21 may also extend dependent life insurance in an amount to be
22 determined by the Board to each insured employee who elects to
23 insure the employee's eligible dependents. Premiums for the
24 dependent life insurance shall be paid wholly by the employee.

1 SECTION 6. AMENDATORY Section 14, Chapter 303, O.S.L.

2 2012, as amended by Section 2, Chapter 266, O.S.L. 2013 (74 O.S.
3 Supp. 2016, Section 1304.1), is amended to read as follows:

4 Section 1304.1 A. The State and Education Employees Group
5 Insurance Board and the Oklahoma State Employees Benefits Council
6 are hereby abolished. Wherever the State and Education Employees
7 Group Insurance Board and the Oklahoma State Employees Benefits
8 Council are referenced in law, that reference shall be construed to
9 mean the Oklahoma Employees Insurance and Benefits Board.

10 B. There is hereby created the Oklahoma Employees Insurance and
11 Benefits Board.

12 C. The chair and vice-chair shall be elected by the Board
13 members at the first meeting of the Board and shall preside over
14 meetings of the Board and perform other duties as may be required by
15 the Board. Upon the resignation or expiration of the term of the
16 chair or vice-chair, the members shall elect a chair or vice-chair.
17 The Board shall elect one of its members to serve as secretary.

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

- 20 1. The State Insurance Commissioner, or designee;
21 2. Four members shall be appointed by the Governor;
22 3. One member shall be appointed by the Speaker of the Oklahoma
23 House of Representatives; and
24

1 4. One member shall be appointed by the President Pro Tempore
2 of the State Senate.

3 E. The appointed members shall:

4 1. Have demonstrated professional experience in investment or
5 funds management, public funds management, public or private group
6 health or pension fund management, or group health insurance
7 management;

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

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

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

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

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

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

23 2. The appointed members shall be reimbursed for their
24 expenses, according to the State Travel Reimbursement Act, as are

1 incurred in the performance of their duties, which shall be paid
2 from the Health Insurance Reserve Fund;

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

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

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

11 6. Participation on the Board is contingent upon maintaining
12 all necessary annual training as may be required through the Health
13 Insurance Portability and Accountability Act of 1996, Medicare
14 contracting requirements or other statutory or regulatory
15 guidelines.

16 H. The Board shall meet as often as necessary to conduct
17 business but shall meet no less than four times a year, with an
18 organizational meeting to be held prior to December 1, 2012. The
19 organizational meeting shall be called by the Insurance
20 Commissioner. A majority of the members of the Board shall
21 constitute a quorum for the transaction of business, and any
22 official action of the Board must have a favorable vote by a
23 majority of the members of the Board present.
24

1 I. Except as otherwise provided in this subsection, no member
2 of the Board shall be a lobbyist registered in this state as
3 provided by law, or be employed directly or indirectly by any firm
4 or health care provider under contract to ~~the State and Education~~
5 ~~Employees Group Insurance Board, the Oklahoma State Employees~~
6 ~~Benefits Council, or~~ the Oklahoma Employees Insurance and Benefits
7 Board, or any benefit program under its jurisdiction, for any goods
8 or services whatsoever. Any physician member of the Board shall not
9 be subject to the provisions of this subsection.

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

13 K. The Board shall act in accordance with the provisions of the
14 Oklahoma Open Meeting Act, the Oklahoma Open Records Act and the
15 Administrative Procedures Act.

16 L. The Administrative Director of the Courts shall designate
17 grievance panel members as shall be necessary. The members of the
18 grievance panel shall consist of two attorneys licensed to practice
19 law in this state and one state licensed health care professional or
20 health care administrator who has at least three (3) years practical
21 experience, has had or has admitting privileges to a hospital in
22 this state, has a working knowledge of prescription medication, or
23 has worked in an administrative capacity at some point in their
24 career. The state health care professional shall be appointed by

1 the Governor. At the Governor's discretion, one or more qualified
2 individuals may also be appointed as an alternate to serve on the
3 grievance panel in the event the Governor's primary appointee
4 becomes unable to serve.

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

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

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

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

17 4. Beginning with the plan year which begins on January 1,
18 2013, to select and contract with one or more providers to offer a
19 group TRICARE Supplement product to eligible employees who are
20 eligible TRICARE beneficiaries. Any membership dues required to
21 participate in a group TRICARE Supplement product offered pursuant
22 to this paragraph shall be paid by the employee. As used in this
23 paragraph, "TRICARE" means the Department of Defense health care
24

1 program for active duty and retired service members and their
2 families;

3 5. To prepare and distribute information communicating and
4 explaining the plan to participating employers and participants.
5 ~~Health Maintenance Organizations or other third-party insurance~~
6 ~~vendors may be directly or indirectly involved in the distribution~~
7 ~~of communicated information to participating state agency employers~~
8 ~~and state employee participants subject to the following condition:~~
9 ~~the Board shall verify all marketing and communications information~~
10 ~~for factual accuracy prior to distribution;~~

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

14 7. To furnish the participating employers and participants such
15 annual reports with respect to the administration of the plan as are
16 reasonable and appropriate;

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

19 9. To negotiate for best and final offer through competitive
20 negotiation with the assistance and through the purchasing
21 procedures adopted by the Office of Management and Enterprise
22 Services and contract with ~~federally qualified health maintenance~~
23 ~~organizations under the provisions of 42 U.S.C., Section 300e et~~
24 ~~seq., or with Health Maintenance Organizations granted a certificate~~

1 ~~of authority by the Insurance Commissioner pursuant to the Health~~
2 ~~Maintenance Reform Act of 2003 for consideration by participants as~~
3 ~~an alternative to the health plans offered by the Oklahoma Employees~~
4 ~~Insurance and Benefits Board, and to transfer to the health~~
5 ~~maintenance organizations such funds as may be approved for a~~
6 ~~participant electing health maintenance organization alternative~~
7 ~~services. The Board may also select and contract with a vendor to~~
8 ~~offer a point-of-service plan. An HMO may offer coverage through a~~
9 ~~point-of-service plan, subject to the guidelines established by the~~
10 ~~Board. However, if the Board chooses to offer a point-of-service~~
11 ~~plan, then a vendor that offers both an HMO plan and a point-of-~~
12 ~~service plan may choose to offer only its point-of-service plan in~~
13 ~~lieu of offering its HMO plan one or more third-party vendors for~~
14 ~~purposes of offering alternative medical plans for consideration by~~
15 ~~participants.~~

16 a. Such plans include, but are not limited to, health
17 maintenance organizations (HMOs), exclusive provider
18 organizations (EPOs), Medicare Advantage plans (MAS)
19 and accountable care organizations (ACOs). All plans
20 shall be in conformance with all applicable federal
21 and state regulations.

22 b. The Board shall have the authority to reject any plan
23 that does not meet the bid requirements or provide
24 sufficient value for the State of Oklahoma. The Board

1 may, ~~however,~~ renegotiate rates with successful
2 bidders after contracts have been awarded if there is
3 an extraordinary circumstance. An extraordinary
4 circumstance shall be limited to the insolvency,
5 dissolution or withdrawal of a participating health
6 ~~maintenance organization or point-of-service plan,~~
7 ~~dissolution of a participating health maintenance~~
8 ~~organization or point-of-service plan or withdrawal of~~
9 ~~another participating health maintenance organization~~
10 ~~or point-of-service plan at~~ third-party vendor any
11 time during the calendar year. Nothing in this
12 section of law shall be construed to permit either
13 party to unilaterally alter the terms of the contract.

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

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

22 11. To promulgate administrative rules for the competitive
23 negotiation process;
24

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

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

- 22 a. they shall have a statewide provider network,
- 23 b. they shall provide benefits which shall reimburse the
24 expense for the following types of dental procedures:

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

c. they shall provide an annual benefit of not less than One Thousand Five Hundred Dollars (\$1,500.00) for all 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.;

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

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

18 19. To enter into a contract with out-of-state providers in
19 connection with any PPO or hospital or medical network plan which
20 shall include, but not be limited to, special care facilities and
21 hospitals outside the borders of the State of Oklahoma. The
22 contract for out-of-state providers shall be identical to the in-
23 state provider contracts. The Board may negotiate for discounts
24 from billed charges when the out-of-state provider is not a network

1 provider and the member sought services in an emergency situation,
2 when the services were not otherwise available in the State of
3 Oklahoma or when the Administrator appointed by the Board approved
4 the service as an exceptional circumstance;

5 20. To create the establishment of a grievance procedure by
6 which a three-member grievance panel shall act as an appeals body
7 for complaints by insured employees regarding the allowance and
8 payment of claims, eligibility, and other matters. Except for
9 grievances settled to the satisfaction of both parties prior to a
10 hearing, any person who requests in writing a hearing before the
11 grievance panel shall receive a hearing before the panel. ~~The~~
12 ~~grievance procedure provided by this paragraph shall be the~~
13 ~~exclusive remedy available to insured employees having complaints~~
14 ~~against the insurer.~~ Such grievance procedure shall be subject to
15 the Oklahoma Administrative Procedures Act, including provisions
16 thereof for review of agency decisions by the district court. The
17 grievance panel shall schedule a hearing regarding the allowance and
18 payment of claims, eligibility and other matters within sixty (60)
19 days from the date the grievance panel receives a written request
20 for a hearing unless the panel orders a continuance for good cause
21 shown. Upon written request by the insured employee to the
22 grievance panel and received not less than ten (10) days before the
23 hearing date, the grievance panel shall cause a full stenographic
24

1 record of the proceedings to be made by a competent court reporter
2 at the insured employee's expense; and

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

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

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

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

17 SECTION 7. AMENDATORY 74 O.S. 2011, Section 1307.1, as
18 amended by Section 942, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
19 2016, Section 1307.1), is amended to read as follows:

20 Section 1307.1 No employee or dependent who participates in ~~an~~
21 ~~HMO~~ a health plan offered through the Oklahoma Employees Insurance
22 and Benefits Act shall be denied the right of changing the primary
23 care physician to any other primary care physician within the ~~HMO~~
24 health plan. The employee or dependent shall notify the ~~HMO~~ health

1 plan in writing of any change in the choice of primary care
2 physician forty-five (45) days in advance of the change by certified
3 mail with return receipt requested. Any such change in a primary
4 care physician shall not be subject to the approval of the ~~HMO~~
5 health plan, the Office of Management and Enterprise Services or
6 state agency.

7 SECTION 8. AMENDATORY 74 O.S. 2011, Section 1308, as
8 amended by Section 945, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
9 2016, Section 1308), is amended to read as follows:

10 Section 1308. (1) Any employee eligible for membership in the
11 ~~Health Insurance Plan, Dental Insurance Plan or Life Insurance Plan~~
12 health, dental or life insurance plans offered through the Oklahoma
13 Employees Insurance and Benefits Act upon its effective date shall
14 be enrolled in the plan unless the employee elects not to be
15 enrolled within thirty (30) days of the effective dates. ~~The~~
16 ~~employee shall be advised of Health Maintenance Organization prepaid~~
17 ~~plans available as an alternative to the state self-insured Health~~
18 ~~Insurance Plan.~~ The Office of Management and Enterprise Services
19 shall establish the procedure by which eligible employees not
20 electing to be enrolled initially in the ~~Health Insurance Plan,~~
21 ~~Dental Insurance Plan or Life Insurance Plan~~ health, dental or life
22 insurance plans may be subsequently enrolled.

23 (2) Any eligible employee who is employed after the effective
24 dates of the ~~Health Insurance Plan, Dental Insurance Plan and Life~~

1 ~~Insurance Plan or HMO plans approved by the Office~~ health, dental
2 and life insurance plans offered through the Oklahoma Employees
3 Insurance and Benefits Act may become enrolled on the first day of
4 the second month of employment.

5 SECTION 9. AMENDATORY 74 O.S. 2011, Section 1308.1, as
6 amended by Section 946, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
7 2016, Section 1308.1), is amended to read as follows:

8 Section 1308.1 (1) An educational entity may extend the
9 benefits of the health insurance plan, the dental insurance plan,
10 and the life insurance plan to education employees employed by the
11 entity. The benefits of the plans for an education employee shall
12 be the same and shall include the same plan options as would be made
13 available to a state employee participating in the plan that resided
14 at the same location. ~~Notwithstanding the provisions of Section~~
15 ~~1308.2 of this title, a period shall exist for enrolling education~~
16 ~~entities from April 1, 1989 through October 1, 1991, whereby~~
17 ~~education employees of a participating education entity may be~~
18 ~~enrolled, pursuant to this act, during the entities' initial~~
19 ~~enrollment period, regardless of preexisting conditions.~~ The Office
20 of Management and Enterprise Services shall adopt rules and
21 regulations for enrollment by which education entities may apply to
22 participate in the insurance plans. Once an education entity
23 becomes a participant in the health and dental insurance plans
24 offered through the Oklahoma Employees Insurance and Benefits Act,

1 the education entity may withdraw from participation, in a manner
2 prescribed by the Office. If a school district is participating in
3 the health and dental insurance plans pursuant to the Oklahoma
4 Employees Insurance and Benefits Act, Sections 1301 through 1329.1
5 of this title, the employees of the school district who are eligible
6 to participate in the health and dental plans, at such time as the
7 school district may withdraw from such participation, may require
8 the board of education of the school district to call an election to
9 allow the employees to vote as to whether the school district shall
10 continue participation in the health and dental insurance plans
11 offered through the Oklahoma Employees Insurance and Benefits Act.
12 Upon the filing with the board of education of a petition calling
13 for such an election which is signed by no less than thirty percent
14 (30%) of the eligible employees of the school district, the board of
15 education shall call an election for the purpose of determining
16 whether the school district shall continue participation in the
17 health and dental insurance plans offered through the Oklahoma
18 Employees Insurance and Benefits Act. The election shall be held
19 within thirty (30) days of the filing of the petition. If a
20 majority of those eligible employees voting at the election vote to
21 continue participation in the health and dental insurance plans
22 offered through the Oklahoma Employees Insurance and Benefits Act,
23 the board of education shall be prohibited from withdrawing the
24 school district from such participation. If a majority of those

1 eligible employees voting at the election vote against continued
2 participation in the health and dental insurance plans offered
3 through the Oklahoma Employees Insurance and Benefits Act, the board
4 of education of the school district shall apply to discontinue such
5 participation within thirty (30) days of the election and within the
6 times the school district is authorized to withdraw from
7 participation in accordance with rules established for withdrawal by
8 the Office.

9 (2) Except as otherwise provided in this subsection, when an
10 education entity participates in the health and dental insurance
11 plans offered through the Oklahoma Employees Insurance and Benefits
12 Act, all employees shall be advised of ~~Health Maintenance~~
13 ~~Organizations prepaid plans available as an alternative to the state~~
14 ~~self-insured health insurance plan~~ the available plan options.
15 Eligible part-time education employees, ~~at the option of the~~
16 ~~employee,~~ may enroll in the plans ~~either~~ at the time the education
17 entity begins participation in the plans ~~or, if later, upon a~~
18 ~~showing of insurability to the satisfaction of the Office.~~

19 (3) Any employee of an education entity participating in the
20 health and dental insurance plans offered through the Oklahoma
21 Employees Insurance and Benefits Act who is employed after the
22 education entity began said participation may be enrolled in the
23 health and dental insurance plans ~~or HMO plans approved by the~~
24 ~~Office~~ on the first day of the second month of employment.

1 (4) Upon initial enrollment of an institution of higher
2 education to participate in the health and dental insurance plans
3 offered through the Oklahoma Employees Insurance and Benefits Act,
4 all individuals presently insured by said institution's present
5 group health insurance plan shall become enrolled in said state
6 plans for the remaining period of said institution's contractual
7 liabilities.

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

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

1 dependents of the employees if an election to retain coverage is
2 made within thirty (30) days of termination of employment.

3 SECTION 10. AMENDATORY 74 O.S. 2011, Section 1309, as
4 amended by Section 947, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
5 2016, Section 1309), is amended to read as follows:

6 Section 1309. A. Any eligible employee may elect to have a
7 dependent or dependents of the employee covered by the ~~Health~~
8 ~~Insurance Plan and Dental Insurance Plan or by any available Health~~
9 ~~Maintenance Organization (HMO) approved by the Office of Management~~
10 ~~and Enterprise Services~~ health and dental insurance plans offered
11 through the Oklahoma Employees Insurance and Benefits Act. The
12 employee may elect to cover all dependent children and not elect to
13 cover the spouse of the employee. Such election shall be made at
14 the time the employee becomes enrolled in the Plan, under such
15 procedures as the Office may establish. If dependent coverage is
16 not elected or if the employee elects to cover all dependent
17 children and not the spouse of the employee at the time an employee
18 becomes enrolled in the Plan, dependent coverage or coverage for the
19 spouse cannot be elected until the next enrollment period or until a
20 qualifying event has occurred as established by the Office. Such
21 subsequent election of dependent coverage shall be made under such
22 conditions as the Office may impose. If electing not to cover the
23 spouse, the employee shall submit a statement signed by both the
24 employee and the spouse acknowledging their choice not to provide

1 insurance coverage for the spouse under the ~~Health Insurance Plan~~
2 ~~and Dental Insurance Plan or approved HMO plans~~ health and dental
3 insurance plans offered through the Oklahoma Employees Insurance and
4 Benefits Act.

5 B. Any employee with dependent coverage, as provided in this
6 section, who has a change in the number of dependents may at the
7 time of such change increase or decrease the number of dependents
8 covered by the ~~Health Insurance Plan and Dental Insurance Plan or~~
9 ~~approved HMO plans,~~ health and dental insurance plans offered
10 through the Oklahoma Employees Insurance and Benefits Act under
11 procedures established by the Office.

12 C. Any employee who has no eligible dependents at the time the
13 employee becomes enrolled may elect dependent coverage at the time
14 the dependency status of the employee changes under procedures
15 established by the Office.

16 SECTION 11. AMENDATORY 74 O.S. 2011, Section 1312.1, as
17 amended by Section 954, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
18 2016, Section 1312.1), is amended to read as follows:

19 Section 1312.1 There is hereby created in the State Treasury a
20 Revolving Fund for the Oklahoma Employees Insurance and Benefits
21 Plan. The revolving fund shall consist of funds transferred from
22 the Health and Dental Insurance Reserve Fund and the Life Insurance
23 Reserve Fund for operational expenses of the State Health and Life
24 Insurance Plan ~~and monies assessed from or collected for and due a~~

1 ~~Health Maintenance Organization (HMO)~~ as approved by the Office of
2 Management and Enterprise Services. Expenditures from said funds
3 shall be made pursuant to the laws of the state and statutes
4 relating to the Plan. This revolving fund shall be a continuing
5 fund, not subject to fiscal year limitations, and shall be under the
6 control and management of the Office.

7 SECTION 12. AMENDATORY 74 O.S. 2011, Section 1316.2, as
8 last amended by Section 3, Chapter 419, O.S.L. 2014 (74 O.S. Supp.
9 2016, Section 1316.2), is amended to read as follows:

10 Section 1316.2 A. Any employee, other than an education
11 employee, who retires pursuant to the provisions of the Oklahoma
12 Public Employees Retirement System or who has a vested benefit
13 pursuant to the provisions of the Oklahoma Public Employees
14 Retirement System may continue in force the health and dental
15 insurance benefits authorized by the provisions of the Oklahoma
16 Employees Insurance and Benefits Act, or other employer insurance
17 benefits if the employer does not participate in the plans offered
18 by the Office of Management and Enterprise Services, if such
19 election to continue in force is made within thirty (30) days from
20 the date of termination of service. Except as otherwise provided
21 for in Section 840-2.27I of this title and subsection H of this
22 section, health and dental insurance coverage may not be reinstated
23 at a later time if the election to continue in force is declined.
24 Vested employees other than education employees who have terminated

1 service and are not receiving benefits and effective July 1, 1996,
2 nonvested persons who have terminated service with more than eight
3 (8) years of participating service with a participating employer,
4 who within thirty (30) days from the date of termination of service
5 elect to continue such coverage, shall pay the full cost of the
6 insurance premium at the rate and pursuant to the terms and
7 conditions established by the Office. Provided also, any employee
8 other than an education employee who commences employment with a
9 participating employer on or after September 1, 1991, who terminates
10 service with such employer on or after July 1, 1996, but who
11 otherwise has insufficient years of service to retire or terminate
12 service with a vested benefit pursuant to the provisions of the
13 Oklahoma Public Employees Retirement System or to elect to continue
14 coverage as a nonvested employee as provided in this section, but
15 who, immediately prior to employment with the participating
16 employer, was covered as a dependent on the health and dental
17 insurance policy of a spouse who was an active employee other than
18 an education employee, may count as part of his or her credited
19 service for the purpose of determining eligibility to elect to
20 continue coverage under this section, the time during which the
21 terminating employee was covered as such a dependent.

22 B. 1. Health insurance benefit plans offered pursuant to this
23 section shall include:

24 a. ~~indemnity plans offered through the Office,~~

1 ~~b. managed care plans offered as alternatives to the~~
2 ~~indemnity plans offered through the Office,~~
3 ~~c. Medicare supplements offered pursuant to the Oklahoma~~
4 ~~Employees Insurance and Benefits Act,~~
5 ~~d. Medicare risk-sharing contracts offered as~~
6 ~~alternatives to the Medicare supplements offered~~
7 ~~through the Office. All Medicare risk-sharing~~
8 ~~contracts shall be subject to a risk adjustment~~
9 ~~factor, based on generally accepted actuarial~~
10 ~~principles for adverse selection which may occur, and~~
11 ~~e. the health insurance plans offered through the~~
12 ~~Oklahoma Employees Insurance and Benefits Act, and for~~
13 ~~the Oklahoma Public Employee Retirement System, other~~
14 ~~employer-provided health insurance benefit plans if~~
15 ~~the employer does not participate in the plans offered~~
16 ~~pursuant to the Oklahoma Employees Insurance and~~
17 ~~Benefits Act.~~

18 2. Health insurance benefit plans offered pursuant to this
19 section shall provide prescription drug benefits, except for plans
20 designed pursuant to the Medicare Prescription Drug Improvement and
21 Modernization Act of 2003, for which provision of prescription drug
22 benefits is optional, and except for plans offered pursuant to
23 subparagraph e of paragraph 1 of this subsection.
24

1 C. 1. Designated public retirement systems shall contribute a
2 monthly amount towards the health insurance premium of certain
3 individuals receiving benefits from the public retirement system as
4 follows:

5 a. a retired employee, other than an education employee
6 or an employee who participates in the defined
7 contribution system administered by the Oklahoma
8 Public Employees Retirement System on or after
9 November 1, 2015, who is receiving benefits from the
10 Oklahoma Public Employees Retirement System after
11 September 30, 1988, shall have One Hundred Five
12 Dollars (\$105.00), or the premium rate of the health
13 insurance benefit plan, whichever is less, paid by the
14 Oklahoma Public Employees Retirement System to the
15 Board or other insurance carrier of the employer if
16 the employer does not participate in the plans offered
17 by the Office in the manner specified in subsection G
18 of this section,

19 b. a retired employee or surviving spouse other than an
20 education employee who is receiving benefits from the
21 Oklahoma Law Enforcement Retirement System after
22 September 30, 1988, is under sixty-five (65) years of
23 age and is not otherwise eligible for Medicare shall
24 have the premium rate for the health insurance benefit

1 plan or One Hundred Five Dollars (\$105.00), whichever
2 is less, paid by the Oklahoma Law Enforcement
3 Retirement System to the Office in the manner
4 specified in subsection G of this section,

- 5 c. a retired employee other than an education employee
6 who is receiving benefits from the Oklahoma Law
7 Enforcement Retirement System after September 30,
8 1988, is sixty-five (65) years of age or older or who
9 is under sixty-five (65) years of age and is eligible
10 for Medicare shall have One Hundred Five Dollars
11 (\$105.00), or the premium rate of the health insurance
12 benefit plan, whichever is less, paid by the Oklahoma
13 Law Enforcement Retirement System to the Office in the
14 manner specified in subsection G of this section, and
- 15 d. a retired employee other than an education employee
16 who is receiving benefits from the Uniform Retirement
17 System for Justices and Judges after September 30,
18 1988, shall have One Hundred Five Dollars (\$105.00),
19 or the premium rate of the health insurance plan,
20 whichever is less, paid by the Uniform Retirement
21 System for Justices and Judges to the Office in the
22 manner specified in subsection G of this section.

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

- 1 a. the health plan shall be authorized by the provisions
2 of the Oklahoma Employees Insurance and Benefits Act,
3 except that if an employer from which an employee
4 retired or with a vested benefit pursuant to the
5 provisions of the Oklahoma Public Employees Retirement
6 System does not participate in the plans authorized by
7 the provisions of the Oklahoma Employees Insurance and
8 Benefits Act, the health plan will be the health
9 insurance benefits of the employer from which the
10 individual retired or vested,
- 11 b. for plans offered by the Oklahoma Employees Insurance
12 and Benefits Act, the amount to be paid shall be
13 determined pursuant to the provisions of this
14 subsection and shall first be applied in whole or in
15 part to the prescription drug coverage premium. Any
16 remaining amount shall be applied toward the medical
17 coverage premium,
- 18 c. for all plans, if the amount paid by the public
19 retirement system does not cover the full cost of the
20 elected coverage, the individual shall pay the
21 remaining premium amount, and
- 22 d. payment shall be made by the retirement systems in the
23 manner specified under subsection G of this section.
- 24

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

13 E. Effective July 1, 2004, a retired member of the Oklahoma Law
14 Enforcement Retirement System who retired from the System by means
15 of a personal and traumatic injury of a catastrophic nature and in
16 the line of duty and any surviving spouse of such retired member and
17 any surviving spouse of a member who was killed in the line of duty
18 shall have one hundred percent (100%) of the retired member's or
19 surviving spouse's health care premium cost, ~~whether the member or~~
20 ~~surviving spouse elects coverage under the Medicare supplement or~~
21 ~~Medicare risk-sharing contract,~~ paid by the Oklahoma Law Enforcement
22 Retirement System to the Office in the manner specified in
23 subsection H of this section. For plans offered by the Office, such
24

1 contributions will first be applied in whole or in part to the
2 prescription drug coverage premium, if any.

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

15 G. The amounts required to be paid by the Oklahoma Public
16 Employees Retirement System, the Uniform Retirement System for
17 Justices and Judges and the Oklahoma Law Enforcement Retirement
18 System pursuant to this section shall be forwarded no later than the
19 tenth day of each month following the month for which payment is due
20 by the Oklahoma Public Employees Retirement System Board of Trustees
21 or the Oklahoma Law Enforcement Retirement Board to the Office for
22 deposit in the Health, Dental and Life Insurance Reserve Fund or to
23 another insurance carrier as provided for in subsection H of Section
24 1315 of this title.

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

20 SECTION 13. AMENDATORY 74 O.S. 2011, Section 1316.3, as
21 amended by Section 963, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
22 2016, Section 1316.3), is amended to read as follows:

23 Section 1316.3 A. Any person who retires pursuant to the
24 provisions of the Teachers' Retirement System of Oklahoma with at

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

21 B. 1. Health insurance benefit plans offered pursuant to this
22 section shall include÷

23 a. ~~indemnity plans offered through the Office,~~
24

- 1 ~~b. managed care plans offered as alternatives to the~~
2 ~~indemnity plans,~~
3 ~~c. Medicare supplements offered through the Office,~~
4 ~~d. Medicare risk-sharing contracts offered as~~
5 ~~alternatives to the Medicare supplements offered~~
6 ~~through the Office, and~~
7 e. the health insurance plans offered through the
8 Oklahoma Employees Insurance and Benefits Act, and any
9 other employer-provided health insurance benefit plans
10 if the employer does not participate in the plans
11 offered pursuant to the Oklahoma Employees Insurance
12 and Benefits Act.

13 2. Health insurance benefit plans offered pursuant to this
14 section shall provide prescription drug benefits, except for plans
15 designed pursuant to the Medicare Prescription Drug Improvement and
16 Modernization Act of 2003, which may or may not contain prescription
17 drug benefits, for which provision of prescription drug benefits is
18 optional, and except for other employer-provided health insurance
19 benefit plans offered pursuant to ~~subparagraph e of paragraph 1 of~~
20 this subsection.

21 C. A retired person who:

22 1. Is receiving benefits from the Teachers' Retirement System
23 of Oklahoma after September 30, 1988, is under sixty-five (65) years
24 of age and is not otherwise eligible for Medicare and pursuant to

1 subsection A of this section elects to begin or to continue the
2 health insurance plan;

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

11 3. Is receiving benefits from the Teachers' Retirement System
12 of Oklahoma after September 30, 1988, made contributions to the
13 system and is sixty-five (65) years of age or older, or who is under
14 sixty-five (65) years of age and is eligible for Medicare and is a
15 participant in the Oklahoma Employees Insurance and Benefits Act and
16 elects coverage under the Medicare supplement offered by the Office;
17 or

18 4. Is receiving benefits from the Teachers' Retirement System
19 of Oklahoma after June 30, 1993, made contributions to the system
20 and is sixty-five (65) years of age or older, or who is under sixty-
21 five (65) years of age and is eligible for Medicare and participates
22 in a health insurance plan provided by a participating education
23 employer of the Teachers' Retirement System of Oklahoma other than a
24 health insurance plan offered pursuant to the Oklahoma Employees

1 Insurance and Benefits Act or ~~an alternative~~ a health plan offered
2 pursuant to the Oklahoma State Employees Benefits Act and elects
3 coverage under the Medicare supplement offered by the Office,
4 shall have the amount determined pursuant to subsection E of this
5 section, or the premium rate of the health insurance benefit plan,
6 whichever is less, paid by the Teachers' Retirement System of
7 Oklahoma. If the amount paid by the Teachers' Retirement System of
8 Oklahoma does not cover the full cost of the health insurance
9 premium, the retired person shall pay the remaining amount if the
10 retired person wants to continue the coverage.

11 D. The Teachers' Retirement System shall pay the amount due
12 pursuant to the provisions of subsection C of this section as
13 follows:

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

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

23 E. Beginning July 1, 2000, the maximum benefit payable by the
24 Teachers' Retirement System of Oklahoma on behalf of a retired

1	person toward said person's monthly premium for health insurance			
2	shall be determined in accordance with the following schedule:			
3		LESS THAN		
4			25 YEARS BUT	GREATER
5		LESS THAN	GREATER THAN	THAN 24.99
6	AVERAGE SALARY	15 YEARS OF	14.99 YEARS OF	YEARS OF
7	USED FOR DETERMINING	CREDITABLE	CREDITABLE	CREDITABLE
8	RETIREMENT ALLOWANCE	SERVICE	SERVICE	SERVICE
9	Less than \$20,000.00	\$103.00	\$104.00	\$105.00
10	Less than \$30,000.00 but			
11	greater than \$19,999.99	\$102.00	\$103.00	\$104.00
12	Less than \$40,000.00 but			
13	greater than \$29,999.99	\$101.00	\$102.00	\$103.00
14	\$40,000.00 or greater	\$100.00	\$101.00	\$102.00

15 For plans offered by the Office, the amount paid pursuant to
16 this subsection shall first be applied to the prescription drug
17 coverage premium, if any. Any remaining amounts shall be applied
18 towards the medical coverage premium.

19 F. If a person retires and begins to receive benefits from the
20 Teachers' Retirement System of Oklahoma or terminates service and
21 has a vested benefit with the Teachers' Retirement System of
22 Oklahoma, the person may elect, in the manner provided in subsection
23 A of this section, to participate in the dental insurance plan

24

1 offered through the Oklahoma Employees Insurance and Benefits Act.

2 The person shall pay the full cost of the dental insurance.

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

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

23 I. The amounts required to be paid by the Teachers' Retirement
24 System of Oklahoma pursuant to this section shall be forwarded no

1 later than the tenth day of each month following the month for which
2 payment is due by the Board of Trustees of the Teachers' Retirement
3 System of Oklahoma to the Office for deposit in the Education
4 Employees Group Insurance Reserve Fund.

5 J. The Teachers' Retirement System of Oklahoma shall provide
6 the Office information concerning the employers of retired and
7 vested members necessary to allow the Office to track eligibility
8 for continued coverage.

9 K. Upon retirement from employment with the Board of Regents of
10 the University of Oklahoma, any person who is or was 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 employment. Life insurance benefits for any such
23 person who transferred employment shall not exceed the coverage the
24 person had at the time of such transfer. Retirees who are persons

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

4 SECTION 14. AMENDATORY 74 O.S. 2011, Section 1321, as
5 amended by Section 966, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
6 2016, Section 1321), is amended to read as follows:

7 Section 1321. A. The Office of Management and Enterprise
8 Services shall have the authority to determine all rates and life,
9 dental and health benefits. All rates shall be compiled in a
10 comprehensive Schedule of Benefits. The Schedule of Benefits shall
11 be available for inspection during regular business hours at the
12 Office of Management and Enterprise Services. The Office shall have
13 the authority to annually adjust the rates and benefits based on
14 claim experience.

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

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

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

1 C. The Office may approve a mid-year adjustment provided the
2 need for an adjustment is substantiated by an actuarial
3 determination or more current experience rating. The only
4 publication or notice requirements that shall apply to the Schedule
5 of Benefits shall be those requirements provided in the Oklahoma
6 Open Meeting Act. It is the intent of the Legislature that the
7 benefits provided not include cosmetic dental procedures except for
8 certain orthodontic procedures as adopted by the Director.

9 SECTION 15. AMENDATORY 74 O.S. 2011, Section 1327, as
10 amended by Section 971, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
11 2016, Section 1327), is amended to read as follows:

12 Section 1327. A. All health benefit plans offered by the
13 Office of Management and Enterprise Services which provide for
14 services for vision care or medical diagnosis and treatment for the
15 eye shall allow optometrists to be providers of those services. All
16 such health benefit plans shall also require equal payment for the
17 same services provided by an optometrist if the services are within
18 the scope of practice of optometry.

19 B. With respect to optometric services, any health benefit plan
20 offered by the Office which uses a gatekeeper or equivalent for
21 referrals for services for vision care or for medical diagnosis and
22 treatment of the eye shall require such covered services be provided
23 on a referral basis within the medical group or network at the
24

request of an enrollee who has a condition requiring vision care or medical diagnosis and treatment of the eye if:

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

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

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

D. No health benefit plan specified by this section shall require a provider to have hospital privileges if hospital privileges are not usual and customary for the services the provider provides.

E. Nothing in this section shall be construed to:

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

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

1 3. Limit, expand, or otherwise affect the scope of practice of
2 optometry; or

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

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

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

11 Section 1362. It is hereby declared that the purpose of Section
12 1361 et seq. of this title is:

13 1. To recognize that the employee benefit needs of individual
14 state employees differ, depending on the age, salary and family
15 status of the employee, and that it is needful to permit
16 participating employees to select and tailor the benefits they
17 receive in a manner calculated to best meet the particular needs of
18 themselves and their families;

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

21 3. To provide state employees and their dependents with basic
22 group health insurance, basic group term life insurance, and basic
23 ~~long-term~~ disability insurance;

1 4. To provide state employees and their dependents with
2 optional employee benefits, to include, but not be limited to,
3 enhanced health insurance coverage, ~~health maintenance organization~~
4 ~~services~~, life insurance, dental insurance and enhanced long-term
5 disability insurance;

6 5. To provide state employees with reimbursement for qualifying
7 dependent care expenses for which a dependent care tax credit is not
8 taken, reimbursement for qualifying health care expenses not
9 reimbursed by any other insurance plan or taken as a tax deduction,
10 additional benefits which are currently taxable, additional benefits
11 which are not currently taxable, and cash compensation;

12 6. To provide state employees with tax sheltered income
13 deferment plans;

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

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

18 9. To provide for the coordination and design, in accordance
19 with applicable law, of all employee benefits offered to state
20 employees so as to increase the efficient delivery and effectiveness
21 of those benefits;

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

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

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

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

11 14. To recognize long and faithful service, and to encourage
12 employees to remain in state service until eligible for retirement
13 by providing employee benefits.

14 SECTION 17. AMENDATORY 74 O.S. 2011, Section 1366, as
15 amended by Section 976, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
16 2016, Section 1366), is amended to read as follows:

17 Section 1366. A. The Office of Management and Enterprise
18 Services shall establish a flexible benefits plan in accordance with
19 the provisions of Section 1361 et seq. of this title. All
20 participating employers shall offer the plan to their eligible
21 employees.

22 B. The Office shall interpret the plan and decide any matters
23 arising thereunder and may adopt such rules and procedures as it
24 deems necessary, desirable or appropriate in the administration of

1 the plan subject to the Administrative Procedures Act. All rules
2 and decisions of the Office shall be uniformly and consistently
3 applied to all participants in similar circumstances and shall be
4 conclusive and binding on all persons having an interest in the
5 plan. When making any decision or determination, the Office shall
6 be entitled to rely upon such information as may be furnished to it
7 by a participant, a participating employer, legal counsel, third_
8 party administrator or the management of any individual benefit plan
9 which is incorporated in the plan.

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

13 The Office shall solicit proposals on a competitive bid basis.
14 Contracts for the flexible benefits plan shall not be subject to the
15 provisions of The Oklahoma Central Purchasing Act, Section 85.1 et
16 seq. of this title. The Office shall promulgate rules establishing
17 appropriate competitive bidding criteria and procedures for
18 contracts awarded for flexible benefits plans.

19 When awarding a contract for services pursuant to this
20 subsection, the Office shall satisfy itself that the contractor has
21 no interests which would impair its ability to perform the tasks and
22 services required and that the contractor will exercise proper
23 independent judgment when performing its responsibilities under
24 Section 1361 et seq. of this title and under the contract.

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

4 1. Premiums for any health insurance, ~~health maintenance~~
5 ~~organization~~, life insurance, long term disability insurance, or
6 dental insurance ~~or high deductible health benefit plan~~ offered to
7 employees and their dependents;

8 2. Insurance premiums or retirement plan premiums or payments
9 which are supplemental to insurance or retirement programs offered
10 by this state or which are paid for under salary adjustment
11 agreements pursuant to the provisions of Section 34.70 of Title 62
12 of the Oklahoma Statutes;

13 3. Dependent care;

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

15 5. All other eligible benefit programs offered under 26 United
16 States Code Section 125.

17 E. The amount by which an employee's salary is adjusted
18 pursuant to a salary adjustment agreement shall be excluded from
19 income in computation of income tax withholding, federal insurance
20 contributions act taxes, unemployment payments and workers'
21 compensation coverage. Such amount shall be included as income in
22 computation of state retirement contributions and benefits.
23 Provided, if the inclusions and exclusions provided in this
24 subsection conflict with the provisions of federal law or

1 regulations pertaining to flexible benefits plans, the Council is
2 authorized to modify or abolish such inclusions and exclusions.

3 F. 1. Legal representation shall be provided by the Office of
4 the Attorney General.

5 2. The executive director shall be the appointing authority and
6 agency head. All other positions and employees shall be classified
7 and subject to the provisions of the Merit System of Personnel
8 Administration except actuaries and other personnel and positions in
9 the unclassified service as provided in Section 840-5.5 of this
10 title.

11 SECTION 18. AMENDATORY 74 O.S. 2011, Section 1370, as
12 last amended by Section 4, Chapter 266, O.S.L. 2013 (74 O.S. Supp.
13 2016, Section 1370), is amended to read as follows:

14 Section 1370. A. Subject to the requirement that a participant
15 must elect the default benefits, the basic plan, or is a person who
16 has retired from a branch of the United States military and has been
17 provided with health care through a federal plan, to the extent that
18 it is consistent with federal law, or is an active employee who is
19 eligible to participate and who is a participant who has opted out
20 of the state's basic plan according to the provisions of Section
21 1308.3 of this title, and provides proof of this coverage, flexible
22 benefit dollars may be used to purchase any of the benefits offered
23 by the Oklahoma ~~State~~ Employees Insurance and Benefits Council Board
24 under the flexible benefits plan. A participant who has opted out

1 of the state's basic plan and provided proof of other coverage as
2 described in this subsection shall receive One Hundred Fifty Dollars
3 (\$150.00) in lieu of the flexible benefit monthly. A participant's
4 flexible benefit dollars for a plan year shall consist of the sum of
5 (1) flexible benefit allowance credited to a participant by the
6 participating employer, and (2) pay conversion dollars elected by a
7 participant.

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

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

22 1. The greater of the amount of benefit which the participant
23 would have qualified for as of plan year 2012, or an amount equal to
24 the monthly premium of the HealthChoice High Option plan, the

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

7 2. 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 plus one of the additional
13 amounts as follows for participants who elect to include one or more
14 dependents:

- 15 a. for a spouse, seventy-five percent (75%) of the
16 HealthChoice High Option plan, available for coverage
17 of a spouse,
- 18 b. for one child, seventy-five percent (75%) of the
19 HealthChoice High Option plan, for coverage of one
20 child,
- 21 c. for two or more children, seventy-five percent (75%)
22 of the HealthChoice High Option plan, for coverage of
23 two or more children,

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

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

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

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

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

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

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

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

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

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

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

11 SECTION 19. AMENDATORY 74 O.S. 2011, Section 1371, as
12 last amended by Section 1, Chapter 178, O.S.L. 2016 (74 O.S. Supp.
13 2016, Section 1371), is amended to read as follows:

14 Section 1371. A. All participants must purchase at least the
15 basic plan unless, to the extent that it is consistent with federal
16 law, the participant is a person who has retired from a branch of
17 the United States military and has been provided with health
18 coverage through a federal plan and that participant provides proof
19 of that coverage, or the participant has opted out of the state's
20 basic plan according to the provisions in Section 1308.3 of this
21 title. On or before ~~January 1 of the plan year beginning July 1,~~
22 ~~2001,~~ and July 1 of any plan year beginning after January 1, 2002,
23 the Oklahoma Employees Insurance and Benefits Board shall design the
24 basic plan for the next plan year to ensure that the basic plan

1 provides adequate coverage to all participants. All benefit plans,
2 ~~whether offered by the State and Education Employees Group Insurance~~
3 ~~Board, a health maintenance organization or other vendors~~ shall meet
4 the minimum requirements set by the Board for the basic plan.

5 B. The Board shall offer health, disability, life and dental
6 coverage to all participants and their dependents. For health,
7 dental, disability and life coverage, the Board shall offer plans at
8 the basic benefit level established by the Board, and in addition,
9 may offer benefit plans that provide an enhanced level of benefits.
10 The Board shall be responsible for determining the plan design and
11 the benefit price for the plans that they offer. Effective for the
12 plan year beginning January 1, 2017, and for each plan year
13 thereafter, in setting health insurance premiums for active
14 employees and for retirees under sixty-five (65) years of age, the
15 Board shall set the monthly premium for active employees to be equal
16 to the monthly premium for retirees under sixty-five (65) years of
17 age; except that the Board may offer retirees under sixty-five (65)
18 years of age the opportunity to voluntarily enroll in an alternative
19 plan of insurance at a rate that is between One Hundred Dollars
20 (\$100.00) less than the monthly premium for active employees and up
21 to One Hundred Dollars (\$100.00) more than the monthly premium for
22 active employees. Retirees under the age of sixty-five (65) who
23 enroll in an alternative plan of insurance shall retain the right to
24 enroll in any other health insurance plan offered by the Board for

1 which they might be qualified during a subsequent open enrollment
2 period.

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

7 ~~C. In lieu of electing any of the preceding medical benefit~~
8 ~~plans, a participant may elect medical coverage by any health~~
9 ~~maintenance organization made available to participants by the~~
10 ~~Board. The benefit price of any health maintenance organization~~
11 ~~shall be determined on a competitive bid basis. Contracts for said~~
12 ~~plans shall not be subject to the provisions of The Oklahoma Central~~
13 ~~Purchasing Act. The Board shall promulgate rules establishing~~
14 ~~appropriate competitive bidding criteria and procedures for~~
15 ~~contracts awarded for flexible benefits plans. All plans offered by~~
16 ~~health maintenance organizations meeting the bid requirements as~~
17 ~~determined by the Board shall be accepted. The Board shall have the~~
18 ~~authority to reject the bid or restrict enrollment in any health~~
19 ~~maintenance organization for which the Board determines the benefit~~
20 ~~price to be excessive. The Board shall have the authority to reject~~
21 ~~any plan that does not meet the bid requirements. All bidders shall~~
22 ~~submit along with their bid a notarized, sworn statement as provided~~
23 ~~by Section 85.22 of this title. Effective for the plan year~~
24 beginning January 1, 2007, and for each plan year thereafter, in

1 setting health insurance premiums for active employees and for
2 retirees under sixty-five (65) years of age, HMOs, self-insured
3 organizations and prepaid plans shall set the monthly premium for
4 active employees to be equal to the monthly premium for retirees
5 under sixty-five (65) years of age.

6 D. Nothing in this section shall be construed as prohibiting
7 the Board from offering additional qualified benefit plans or
8 currently taxable benefit plans.

9 E. Each employee of a participating employer who meets the
10 eligibility requirements for participation in the flexible benefits
11 plan shall make an annual election of benefits under the plan during
12 an enrollment period to be held prior to the beginning of each plan
13 year. The enrollment period dates will be determined annually and
14 will be announced by the Board, providing the enrollment period
15 shall end no later than thirty (30) days before the beginning of the
16 plan year.

17 Each such employee shall make an irrevocable advance election
18 for the plan year or the remainder thereof pursuant to such
19 procedures as the Board shall prescribe. Any such employee who
20 fails to make a proper election under the plan shall, nevertheless,
21 be a participant in the plan and shall be deemed to have purchased
22 the default benefits described in this section.

23

24

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

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

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

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

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

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

~~2. The primary care physician selected by the individual shall be required to accept reimbursement for such health care services on a fee-for-service basis only. The fee-for-service shall be computed by the health maintenance organization based on the average of the other fee-for-service contracts of the health maintenance organization in the local community. The individual shall only be required to pay the primary care physician those co-payments, coinsurance and any applicable deductibles in accordance with the terms of the agreement between the employer and the health~~

1 ~~maintenance organization and the provider shall not balance bill the~~
2 ~~patient.~~

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

10 SECTION 20. REPEALER 74 O.S. 2011, Sections 1366.1, as
11 amended by Section 977, Chapter 304, O.S.L. 2012 and 1366.2, as
12 amended by Section 978, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
13 2016, Sections 1366.1 and 1366.2), are hereby repealed.

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

15 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT AND INSURANCE
16 April 10, 2017 - DO PASS AS AMENDED
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