

STATE OF OKLAHOMA

2nd Session of the 56th Legislature (2018)

HOUSE BILL 2540

By: Cannaday

AS INTRODUCED

An Act relating to state government; amending 74 O.S. 2011, Section 1308.3, as last amended by Section 3, Chapter 266, O.S.L. 2013 (74 O.S. Supp. 2017, Section 1308.3), which relates to the Oklahoma Employees Insurance and Benefits Act; authorizing employees enrolled in a Medicare program to opt out of state coverage; specifying amount Medicare-enrolled employee will receive in lieu of flexible benefit amount; defining term; amending 74 O.S. 2011, Section 1370, as last amended by Section 4, Chapter 266, O.S.L. 2013 (74 O.S. Supp. 2017, Section 1370), which relates to the Oklahoma State Employees Benefits Act; modifying reference to compensation in lieu of flexible benefit allowance; and providing an effective date.

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

SECTION 1. AMENDATORY 74 O.S. 2011, Section 1308.3, as last amended by Section 3, Chapter 266, O.S.L. 2013 (74 O.S. Supp. 2017, Section 1308.3), is amended to read as follows:

Section 1308.3 A. Any active employee eligible to participate or who is a participant may opt out of the state's basic plan as outlined in Sections 1370 and 1371 of this title, or may opt out of

1 the health and dental basic plan options only and retain the life
2 and disability plan benefits, provided that ~~the~~:

3 1. The participant is currently covered by a separate group
4 health insurance plan or will be covered by a separate group health
5 insurance plan at or before the beginning of the next plan year; or

6 2. The participant is aged at least sixty-six (66) years or
7 older by January 1 of the plan year for which the participant is
8 seeking to opt out and is currently covered by a Medicare program or
9 will be covered by a Medicare program at or before the beginning of
10 the next state's basic plan year.

11 B. Any active employee eligible to participate or who is a
12 participant opting out of coverage pursuant to this section shall
13 provide proof of the separate health insurance plan or Medicare
14 program participation and sign an affidavit attesting that the
15 participant is currently covered and does not require state-provided
16 health insurance each plan year.

17 C. Any active employee opting out of the state's basic plan or
18 the health and dental basic plan options pursuant to this section
19 because the employee is currently covered by a separate group health
20 insurance plan or will be covered by a separate group health
21 insurance plan shall receive One Hundred Fifty Dollars (\$150.00) in
22 lieu of the flexible benefit amount the employee would be otherwise
23 eligible to receive. Any savings realized by the state as a result
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1 of a participant opting out of health insurance plan coverage shall
2 be retained by the state.

3 D. Any active employee opting out of the state's basic plan or
4 the health and dental basic plan options pursuant to this section
5 because the employee is currently covered by a Medicare program or
6 will be covered by a Medicare program shall receive a monetary
7 amount equal to the flexible benefit amount an employee with no
8 dependents would be otherwise eligible to receive in lieu of the
9 flexible benefit amount; provided, that if an employee has a spouse
10 eligible to be included as a dependent on the state's basic plan,
11 the employee shall receive a monetary amount equal to the flexible
12 benefit amount an employee with a spouse would be otherwise eligible
13 to receive in lieu of the flexible benefit amount.

14 E. As used in this section, "Medicare program" shall mean a
15 federal Medicare program established under Title XVIII of the Social
16 Security Act, Title 42 of the United States Code, Sections 1395
17 through 1395hhh.

18 SECTION 2. AMENDATORY 74 O.S. 2011, Section 1370, as
19 last amended by Section 4, Chapter 266, O.S.L. 2013 (74 O.S. Supp.
20 2017, Section 1370), is amended to read as follows:

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

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

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

23 C. Except as provided in subsection D of this section, for the
24 plan year beginning January 1, 2013, the benefit allowance shall not

1 be less than the Plan Year 2012 benefit allowance amounts, and each
2 plan year thereafter, the amount of a participant's benefit
3 allowance, which shall be the total amount the employer contributes
4 for the payment of insurance premiums or other benefits, shall be:

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

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

22 a. for a spouse, seventy-five percent (75%) of the
23 HealthChoice High Option plan, available for coverage
24 of a spouse,

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

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

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

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

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

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

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

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

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

18 SECTION 3. This act shall become effective November 1, 2018.
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