

<DateSubmitted>

HOUSE OF REPRESENTATIVES
CONFERENCE COMMITTEE REPORT

Mr. President:
Mr. Speaker:

The Conference Committee, to which was referred

HB2237

By: Mulready of the House and Treat of the Senate

Title: Insurance; employee insurance benefits; benefits; HMO plans; effective date.

Together with Engrossed Senate Amendments thereto, beg leave to report that we have had the same under consideration and herewith return the same with the following recommendations:

Conferees are unable to agree.

Respectfully submitted,

House Action _____ Date _____ Senate Action _____ Date _____

SENATE CONFEREES

| | |
|-----------|-------|
| Treat | _____ |
| Brown | _____ |
| Allen | _____ |
| Dugger | _____ |
| Leewright | _____ |
| Dossett | _____ |
| Floyd | _____ |
| Smalley | _____ |

1 ENGROSSED SENATE AMENDMENT
TO
2 ENGROSSED HOUSE
BILL NO. 2237 By: Mulready of the House
3
and
4
Treat of the Senate
5
6 An Act relating to employee insurance benefits; ***;
Oklahoma Employees Insurance and Benefits Act; ***
7 Benefits Board; *** effective date.
8
9 AMENDMENT NO. 1. Page 1, strike the title to read
10 "[employee insurance benefits - technology center
school district employee health insurance - Oklahoma
11 Employees Insurance and Benefits Act - Larry
Dickerson Education Flexible Benefits Allowance Act -
12 State Government Reduction-in-Force and Severance
Benefits Act - Oklahoma Employees Insurance and
13 Benefits Board - flexible benefits plan - retired
teachers - HMO and long-term disability services -
14 repealer - effective date]"
15 Passed the Senate the 27th day of April, 2017.
16
17
18

Presiding Officer of the Senate
19 Passed the House of Representatives the ____ day of _____,
20 2017.
21
22
23

Presiding Officer of the House
of Representatives
24

3 And

4 Treat of the Senate

5
6
7 An Act relating to employee insurance benefits;
8 amending 70 O.S. 2011, Section 14-108.1, which
9 relates to technology center school district employee
10 health insurance; updating references to Oklahoma
11 Employees Insurance and Benefits Act; amending 70
12 O.S. 2011, Section 26-105.1, which relates to the
13 Larry Dickerson Education Flexible Benefits Allowance
14 Act; updating references to Oklahoma Employees
15 Insurance and Benefits Act; amending 74 O.S. 2011,
16 Section 840-2.27I, which relates to the State
17 Government Reduction-in-Force and Severance Benefits
18 Act; updating reference to the Oklahoma Employees
19 Insurance and Benefits Board; amending 74 O.S. 2011,
20 Sections 1302, 1303, as amended by Section 13,
21 Chapter 303, O.S.L. 2012, Section 14, Chapter 303,
22 O.S.L. 2012, as amended by Section 2, Chapter 266,
23 O.S.L. 2013, 1307.1, as amended by Section 942,
24 Chapter 304, O.S.L. 2012, 1308, as amended by Section
945, Chapter 304, O.S.L. 2012, 1308.1, as amended by
Section 946, Chapter 304, O.S.L. 2012, 1309, as
amended by Section 947, Chapter 304, O.S.L. 2012,
1312.1, as amended by Section 954, Chapter 304,
O.S.L. 2012, 1316.2, as last amended by Section 3,
Chapter 419, O.S.L. 2014, 1316.3, as amended by
Section 963, Chapter 304, O.S.L. 2012, 1321, as
amended by Section 966, Chapter 304, O.S.L. 2012 and
1327, as amended by Section 971, Chapter 304, O.S.L.
2012 (74 O.S. Supp. 2016, Sections 1303, 1304.1,
1307.1, 1308, 1308.1, 1309, 1312.1, 1316.2, 1316.3,
1321 and 1327), which relate to the Oklahoma
Employees Insurance and Benefits Act; modifying
purpose of act to exclude compliance with certain
federal law; modifying definitions; modifying board
member qualifications; modifying duties of the Office
of Management and Enterprise Services with respect to

1 the flexible benefits plan; eliminating right to
2 change physician under HMO plan; removing employee
3 option to enroll in HMO plan; removing certain
4 education employee enrollment period; removing
5 education employee option to enroll in HMO plan;
6 removing employee option to enroll dependents in HMO
7 plan; eliminating monies in certain revolving fund
8 collected from HMOs; modifying plans offered to
9 retired employees; modifying plans offered to retired
10 teachers; modifying timeline to establish premiums
11 for certain insurance plans; modifying standards and
12 procedures for selecting providers; amending 74 O.S.
13 2011, Sections 1362, 1366, as amended by Section 976,
14 Chapter 304, O.S.L. 2012, 1370, as last amended by
15 Section 4, Chapter 266, O.S.L. 2013 and 1371, as last
16 amended by Section 1, Chapter 178, O.S.L. 2016 (74
17 O.S. Supp. 2016, Section 1366, 1370 and 1371), which
18 relate to the Oklahoma State Employees Benefits Act;
19 modifying purpose of the act to exclude providing HMO
20 and long-term disability services; excluding HMO and
21 high-deductible plan expenses from employee's salary
22 adjustment; updating reference to the Oklahoma
23 Employees Insurance and Benefits Board; eliminating
24 requirements for HMO plans set by the Board;
eliminating participant option to elect HMO plan;
eliminating procedure to select HMO plan; eliminating
HMO plan requirements; repealing 74 O.S. 2011,
Sections 1366.1, as amended by Section 977, Chapter
304, O.S.L. 2012 and 1366.2, as amended by Section
978, Chapter 304, O.S.L. 2012 (74 O.S. Supp. 2016,
Sections 1366.1 and 1366.2), which relate to the
Oklahoma State Employees Benefits Act; and providing
an effective date.

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

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

Section 14-108.1 A. The board of education of each technology
center school district in this state shall provide a health

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

1 remit to the health insurance coverage provider the total premium
2 due less any uncollected amounts payable from retired technology
3 center school district employees or their qualified survivors.

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

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

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

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

22 F. In the event a technology center school district ceases to
23 exist, the assets and duties of said technology center school
24 district are transferred to one or more other technology center

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

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

13 Section 26-105.1 The provisions of the Larry Dickerson
14 Education Flexible Benefits Allowance Act shall apply to school
15 districts participating in the Oklahoma ~~State Education and~~
16 ~~Employees Group Insurance Board plan~~ and Benefits Act or school
17 districts that are self-insured.

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

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

21 1. Had a vested or retirement benefit pursuant to the
22 provisions of any of the state public retirement systems;

23 2. Was separated from state service as a result of a reduction-
24 in-force since July 1, 1997; and

1 3. Was offered severance benefits pursuant to the State
2 Government Reduction-in-Force and Severance Benefits Act,
3 may reinstate health insurance coverage any time within two (2)
4 years following the date of the reduction-in-force from the state,
5 and be eligible for the purchase of all other benefits available to
6 former employees with a vested benefit of the state public
7 retirement system of which the employee is a member.

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

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

17 D. A former employee who reinstates health insurance coverage
18 pursuant to this section shall pay the full cost of the insurance
19 premium at the then available rate and pursuant to the rules and
20 enrollment procedures established by the ~~State and Education~~
21 Oklahoma Employees Group Insurance and Benefits Board. The former
22 employee will be subject to the same rate changes as those made
23 available to all other state vested or retired employees. The
24 former employee may elect coverage for the employee's current

dependents if the election is made within thirty (30) days of
reinstatement of health insurance.

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

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

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

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

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

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

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

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

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

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

8 1. "Board" means the Oklahoma Employees Insurance and Benefits
9 Board as created by the Oklahoma Employees Insurance and Benefits
10 Act;

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

12 3. "Employee" means those state employees, education employees
13 and other eligible employees participating in the Oklahoma Employees
14 Insurance and Benefits Act;

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

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

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

10 7. "Education entity" means a school district, a technology
11 center school district, or an institution comprising The Oklahoma
12 State System of Higher Education;

13 8. "State employee" means and includes each officer or employee
14 in the service of the State of Oklahoma who, after January 1, 1966,
15 received compensation for service rendered to the State of Oklahoma
16 on a warrant issued pursuant to a payroll certified by a department
17 or by an elected or duly appointed officer of the state or who
18 receives payment for the performance of personal services on a
19 warrant issued pursuant to a payroll certified by a department and
20 drawn by the State Treasurer against appropriations made by the
21 Legislature from any state fund or against trust funds held by the
22 State Treasurer, who is employed in a position normally requiring
23 actual performance of duty during not less than one thousand (1,000)
24 hours per year, and whose employment is not seasonal or temporary,

1 except that a person elected by popular vote will be considered an
2 employee during the person's tenure in office; provided, however,
3 that employees who are otherwise eligible who are on approved leave
4 without pay shall be eligible to continue coverage during such leave
5 not to exceed twenty-four (24) months, as provided and published in
6 the Office of Management and Enterprise Services Rules for
7 Employment, from the date the employee goes on such leave provided
8 the employee pays the full premiums due or persons who are drawing
9 disability benefits under the State Employees Disability Program Act
10 or meet each and every requirement of the State Employees Disability
11 Program shall be eligible to continue coverage provided the person
12 pays the full premiums due;

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

19 10. "Health insurance plan" means a self-insured plan offered
20 by the ~~State of Oklahoma~~ Employees Insurance and Benefits Board for
21 the purpose of paying the cost of hospital and medical care up to
22 the maximum coverage provided by said plan ~~or prepaid medical~~
23 ~~plan(s) offered to employees as an alternative to the state-~~

~~administered plan by federally qualified HMOs which have contracted with the state;~~

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

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

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

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

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

(1) an adopted child, and

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

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

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

16. "Life insurance coverage" shall include a maximum amount of basic life insurance or benefit with or without a double indemnity provision and an amount of accidental death and dismemberment insurance or benefit per employee to be provided by the State of Oklahoma, and the employee shall have the option to purchase additional life insurance or benefits on the employee's life up to

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

9 SECTION 6. AMENDATORY Section 14, Chapter 303, O.S.L.
10 2012, as amended by Section 2, Chapter 266, O.S.L. 2013 (74 O.S.
11 Supp. 2016, Section 1304.1), is amended to read as follows:

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

18 B. There is hereby created the Oklahoma Employees Insurance and
19 Benefits Board.

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

1 chair or vice-chair, the members shall elect a chair or vice-chair.

2 The Board shall elect one of its members to serve as secretary.

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

5 1. The State Insurance Commissioner, or designee;

6 2. Four members shall be appointed by the Governor;

7 3. One member shall be appointed by the Speaker of the Oklahoma
8 House of Representatives; and

9 4. One member shall be appointed by the President Pro Tempore
10 of the State Senate.

11 E. The appointed members shall:

12 1. Have demonstrated professional experience in investment or
13 funds management, public funds management, public or private group
14 health or pension fund management, or group health insurance
15 management;

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

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

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

24

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

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

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

8 2. The appointed members shall be reimbursed for their
9 expenses, according to the State Travel Reimbursement Act, as are
10 incurred in the performance of their duties, which shall be paid
11 from the Health Insurance Reserve Fund;

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

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

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

20 6. Participation on the Board is contingent upon maintaining
21 all necessary annual training as may be required through the Health
22 Insurance Portability and Accountability Act of 1996, Medicare
23 contracting requirements or other statutory or regulatory
24 guidelines.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9 a. they shall have a statewide provider network,

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

12 (1) diagnostic,

13 (2) preventative,

14 (3) restorative,

15 (4) endodontic,

16 (5) periodontic,

17 (6) prosthodontics,

18 (7) oral surgery,

19 (8) dental implants,

20 (9) dental prosthetics, and

21 (10) orthodontics, and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 C. A retired person who:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 3. Dependent care;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 SECTION 21. This act shall become effective November 1, 2017.
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1 Passed the House of Representatives the 22nd day of March, 2017.

2
3
4 Presiding Officer of the House
of Representatives

5 Passed the Senate the ____ day of _____, 2017.

6
7
8 Presiding Officer of the Senate