

STATE OF OKLAHOMA

2nd Session of the 57th Legislature (2020)

HOUSE BILL 4137

By: Moore

AS INTRODUCED

An Act relating to the Oklahoma Public Employees Retirement System; amending 74 O.S. 2011, Section 1316.2, as last amended by Section 3, Chapter 419, O.S.L. 2014 (74 O.S. Supp. 2019, Section 1316.2), which relates to payments of certain amounts to retirees; modifying payment amount; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 74 O.S. 2011, Section 1316.2, as last amended by Section 3, Chapter 419, O.S.L. 2014 (74 O.S. Supp. 2019, Section 1316.2), is amended to read as follows:

Section 1316.2 A. Any employee, other than an education employee, who retires pursuant to the provisions of the Oklahoma Public Employees Retirement System or who has a vested benefit pursuant to the provisions of the Oklahoma Public Employees Retirement System may continue in force the health and dental insurance benefits authorized by the provisions of the Oklahoma Employees Insurance and Benefits Act, or other employer insurance benefits if the employer does not participate in the plans offered

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

1 an education employee, may count as part of his or her credited
2 service for the purpose of determining eligibility to elect to
3 continue coverage under this section, the time during which the
4 terminating employee was covered as such a dependent.

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 offered through the Office,
- 10 c. Medicare supplements offered pursuant to the Oklahoma
11 Employees Insurance and Benefits Act,
- 12 d. Medicare risk-sharing contracts offered as
13 alternatives to the Medicare supplements offered
14 through the Office. All Medicare risk-sharing
15 contracts shall be subject to a risk adjustment
16 factor, based on generally accepted actuarial
17 principles for adverse selection which may occur, and
18 e. for the Oklahoma Public Employee Retirement System,
19 other employer-provided health insurance benefit plans
20 if the employer does not participate in the plans
21 offered pursuant to the Oklahoma Employees Insurance
22 and Benefits Act.

23 2. Health insurance benefit plans offered pursuant to this
24 section shall provide prescription drug benefits, except for plans

1 designed pursuant to the Medicare Prescription Drug Improvement and
2 Modernization Act of 2003, for which provision of prescription drug
3 benefits is optional, and except for plans offered pursuant to
4 subparagraph e of paragraph 1 of this subsection.

5 C. 1. Designated public retirement systems shall contribute a
6 monthly amount towards the health insurance premium of certain
7 individuals receiving benefits from the public retirement system as
8 follows:

9 a. a retired employee, other than an education employee
10 or an employee who participates in the defined
11 contribution system administered by the Oklahoma
12 Public Employees Retirement System on or after
13 November 1, 2015, who is receiving benefits from the
14 Oklahoma Public Employees Retirement System after
15 September 30, 1988, shall have ~~One Hundred Five~~
16 ~~Dollars (\$105.00)~~ Three Hundred Fifty Dollars
17 (\$350.00), or the premium rate of the health insurance
18 benefit plan, whichever is less, paid by the Oklahoma
19 Public Employees Retirement System to the Board or
20 other insurance carrier of the employer if the
21 employer does not participate in the plans offered by
22 the Office in the manner specified in subsection G of
23 this section,

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- 1 b. a retired employee or surviving spouse other than an
2 education employee who is receiving benefits from the
3 Oklahoma Law Enforcement Retirement System after
4 September 30, 1988, is under sixty-five (65) years of
5 age and is not otherwise eligible for Medicare shall
6 have the premium rate for the health insurance benefit
7 plan or One Hundred Five Dollars (\$105.00), whichever
8 is less, paid by the Oklahoma Law Enforcement
9 Retirement System to the Office in the manner
10 specified in subsection G of this section,
- 11 c. a retired employee other than an education employee
12 who is receiving benefits from the Oklahoma Law
13 Enforcement Retirement System after September 30,
14 1988, is sixty-five (65) years of age or older or who
15 is under sixty-five (65) years of age and is eligible
16 for Medicare shall have One Hundred Five Dollars
17 (\$105.00), or the premium rate of the health insurance
18 benefit plan, whichever is less, paid by the Oklahoma
19 Law Enforcement Retirement System to the Office in the
20 manner specified in subsection G of this section, and
- 21 d. a retired employee other than an education employee
22 who is receiving benefits from the Uniform Retirement
23 System for Justices and Judges after September 30,
24 1988, shall have One Hundred Five Dollars (\$105.00),

1 or the premium rate of the health insurance plan,
2 whichever is less, paid by the Uniform Retirement
3 System for Justices and Judges to the Office in the
4 manner specified in subsection G of this section.

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

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

17 b. for plans offered by the Oklahoma Employees Insurance
18 and Benefits Act, the amount to be paid shall be
19 determined pursuant to the provisions of this
20 subsection and shall first be applied in whole or in
21 part to the prescription drug coverage premium. Any
22 remaining amount shall be applied toward the medical
23 coverage premium,
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1 c. for all plans, if the amount paid by the public
2 retirement system does not cover the full cost of the
3 elected coverage, the individual shall pay the
4 remaining premium amount, and

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

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

19 E. Effective July 1, 2004, a retired member of the Oklahoma Law
20 Enforcement Retirement System who retired from the System by means
21 of a personal and traumatic injury of a catastrophic nature and in
22 the line of duty and any surviving spouse of such retired member and
23 any surviving spouse of a member who was killed in the line of duty
24 shall have one hundred percent (100%) of the retired member's or

1 surviving spouse's health care premium cost, whether the member or
2 surviving spouse elects coverage under the Medicare supplement or
3 Medicare risk-sharing contract, paid by the Oklahoma Law Enforcement
4 Retirement System to the Office in the manner specified in
5 subsection H of this section. For plans offered by the Office, such
6 contributions will first be applied in whole or in part to the
7 prescription drug coverage premium, if any.

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

20 G. The amounts required to be paid by the Oklahoma Public
21 Employees Retirement System, the Uniform Retirement System for
22 Justices and Judges and the Oklahoma Law Enforcement Retirement
23 System pursuant to this section shall be forwarded no later than the
24 tenth day of each month following the month for which payment is due

1 by the Oklahoma Public Employees Retirement System Board of Trustees
2 or the Oklahoma Law Enforcement Retirement Board to the Office for
3 deposit in the Health, Dental and Life Insurance Reserve Fund or to
4 another insurance carrier as provided for in subsection H of Section
5 1315 of this title.

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

1 SECTION 2. This act shall become effective July 1, 2020.

2 SECTION 3. It being immediately necessary for the preservation
3 of the public peace, health or safety, an emergency is hereby
4 declared to exist, by reason whereof this act shall take effect and
5 be in full force from and after its passage and approval.

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7 57-2-10687 MAH 01/12/20

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THOMAS E. CUMMINS CONSULTING ACTUARY, INC.

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January 13, 2020

Representative Lewis Moore
Room 328

Re: RBH No. 10687

This bill provides an increase in the Medical Insurance Supplement of retired members of OPERS from \$105.00 per month to \$350.00 per month.

RBH No. 10687 is a fiscal bill as defined by the Oklahoma Pension Legislation Actuarial Analysis Act.

I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Thomas E. Cummins

Thomas E. Cummins, MAAA