

1 ENGROSSED SENATE
2 BILL NO. 650

By: David of the Senate

3 and

4 Echols of the House
5

6 An Act relating to state employee benefits; amending
7 74 O.S. 2011, Section 1370, as last amended by
8 Section 4, Chapter 266, O.S.L. 2013 (74 O.S. Supp.
9 2020, Section 1370), which relates to flexible
benefit allowance; modifying benefit allowance for
state employees; providing an effective date; and
declaring an emergency.

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

13 SECTION 1. AMENDATORY 74 O.S. 2011, Section 1370, as
14 last amended by Section 4, Chapter 266, O.S.L. 2013 (74 O.S. Supp.
15 2020, Section 1370), is amended to read as follows:

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

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

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

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

23 1. The greater of ~~the amount of benefit which the participant~~
24 ~~would have qualified for as of plan year 2012~~ Seven Hundred Seventy-

1 eight Dollars and sixty-seven cents (\$778.67), or an amount equal to
2 the monthly premium of the HealthChoice High Option plan, the
3 average monthly premiums of the dental plans, the monthly premium of
4 the disability plan, and the monthly premium of the basic life
5 insurance plan offered to state employees or the amount determined
6 by the Council based on a formula for determining a participant's
7 benefit credits consistent with the requirements of 26 U.S.C.,
8 Section 125(g)(2) and regulations thereunder; or

9 2. The greater of ~~the amount of benefit which the participant~~
10 ~~would have qualified for as of plan year 2012~~ Six Hundred Sixty-
11 seven Dollars and thirty-two cents (\$667.32) or an amount equal to
12 the monthly premium of the HealthChoice High Option plan, the
13 average monthly premiums of the dental plans, the monthly premium of
14 the disability plan, and the monthly premium of the basic life
15 insurance plan offered to state employees plus one of the additional
16 amounts as follows for participants who elect to include one or more
17 dependents:

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

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

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

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

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

The benefit allowance under paragraph 2 of subsection C of this section of an employee whose plan participation includes a group

1 TRICARE Supplemental benefit shall not include any allowance or
2 portion thereof for such TRICARE Supplemental benefit.

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

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

22 G. If a participant elects benefits whose sum total of benefit
23 prices is less than his or her flexible benefit allowance, he or she
24 shall receive any excess flexible benefit allowance as taxable

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

13 SECTION 2. This act shall become effective July 1, 2021.

14 SECTION 3. It being immediately necessary for the preservation
15 of the public peace, health or safety, an emergency is hereby
16 declared to exist, by reason whereof this act shall take effect and
17 be in full force from and after its passage and approval.
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1 Passed the Senate the 8th day of March, 2021.

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4 Presiding Officer of the Senate

5 Passed the House of Representatives the ____ day of _____,
6 2021.

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9 Presiding Officer of the House
10 of Representatives