

1 ENGROSSED HOUSE  
2 BILL NO. 3586

By: Strom of the House

3 and

4 Garvin of the Senate  
5

6 An Act relating to state employee health insurance;  
7 amending 70 O.S. 2021, Section 14-108.1, which  
8 relates to health insurance plan for employees;  
9 modifying references to entity names; amending 70  
10 O.S. 2021, Section 26-104, which relates to funding  
11 to provide flexible benefit allowance; modifying  
12 references to entity names; amending 70 O.S. 2021,  
13 Section 26-105, which relates to use of flexible  
14 benefit allowance; modifying references to entity  
15 names; amending 74 O.S. 2021, Section 85.58A, which  
16 relates to establishment of comprehensive  
17 professional risk management program; modifying  
18 references to entity names; amending 74 O.S. 2021,  
19 Section 1316.2, which relates to continuance of  
20 health and dental insurance benefits; modifying  
21 citations; amending 74 O.S. 2021, Section 1321, which  
22 relates to determination of rates and benefits;  
23 modifying references to entity names; amending 74  
24 O.S. 2021, Section 1332, which relates to  
establishment of disability insurance program for  
state employees; modifying references to entity names  
and updating citations; amending 74 O.S. 2021,  
Section 1332.1, which relates to collections from  
state agencies; modifying references to entity names;  
amending 74 O.S. 2021, Section 1346, which relates to  
creation of flexible benefit revolving fund;  
modifying references to entity names; amending 74  
O.S. 2021, Section 1370, which relates to flexible  
benefit dollars in the Oklahoma State Employees  
Benefits Act; modifying references to entity names;  
repealing 74 O.S. 2021, Section 1329.1, which relates  
to mutual accountability incentive pilot program;  
repealing 74 O.S. 2021, Sections 1381, 1382, 1383,  
and 1384, which relate to the Wellness Program Act;  
and providing an effective date.

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

2 SECTION 1. AMENDATORY 70 O.S. 2021, Section 14-108.1, is  
3 amended to read as follows:

4 Section 14-108.1 A. The board of education of each technology  
5 center school district in this state shall provide a health  
6 insurance plan for the employees of the technology center school  
7 district. Technology center school districts may obtain health and  
8 dental insurance coverage as provided for in the ~~State and Education~~  
9 ~~Employees Group Insurance~~ Oklahoma Employees Insurance and Benefits  
10 Act or may obtain other health insurance coverage. Any technology  
11 center district that does not participate in the health and dental  
12 insurance plans offered through the ~~State and Education Employees~~  
13 ~~Group Insurance~~ Oklahoma Employees Insurance and Benefits Act shall  
14 obtain health insurance coverage for the employees which provides  
15 open enrollment, and provide for the continuation of health  
16 insurance coverage, including supplemental Medicare insurance  
17 coverage, for those district employees who retire from said district  
18 after September 30, 1991, with a vested benefit in the Teachers'  
19 Retirement System of Oklahoma. A retired person who begins  
20 receiving benefits from the Teachers' Retirement System of Oklahoma  
21 after September 30, 1991, who retires from a technology center  
22 school district that provides other health insurance coverage, and  
23 who elects to continue said health insurance coverage shall pay to  
24 the technology center school district the premium rate for the

1 health insurance minus an amount equal to the premium rate of the  
2 Medicare supplement or the amount determined pursuant to subsection  
3 (4) of Section 1316.3 of Title 74 of the Oklahoma Statutes,  
4 whichever is less, which shall be paid by the Teachers' Retirement  
5 System of Oklahoma to the technology center school district. The  
6 technology center school district shall remit to the health  
7 insurance coverage provider the total premium due less any  
8 uncollected amounts payable from retired technology center school  
9 district employees or their qualified survivors.

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

1 other employee which is not available to all employees of said  
2 district, and said technology center school district shall not pay a  
3 greater portion of the employee or dependent premium for any health  
4 or dental insurance plan or plans provided by said technology center  
5 school district on behalf of any board member, superintendent or  
6 employee than that portion paid on behalf of all participating  
7 employees of said district.

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

1 ~~Group Insurance~~ Oklahoma Employees Insurance and Benefits Act. The  
2 election shall be held within thirty (30) days of the filing of the  
3 petition. If a majority of those eligible employees voting at the  
4 election vote to participate in the health and dental insurance  
5 plans offered through the ~~State and Education Employees Group~~  
6 ~~Insurance~~ Oklahoma Employees Insurance and Benefits Act, the board  
7 of education of the technology center school district shall apply  
8 for such participation within thirty (30) days of the election.

9 D. If a technology center school district does not have any  
10 health insurance coverage of the type required by this section, that  
11 technology center school district shall immediately be enrolled in  
12 the health and dental insurance plans offered through the ~~State and~~  
13 ~~Education Employees Group Insurance~~ Oklahoma Employees Insurance and  
14 Benefits Act.

15 E. A carrier providing health insurance coverage for employees  
16 of a technology center school district health insurance group which  
17 replaces a previous carrier for such technology center school  
18 district employees shall provide coverage for each retired employee  
19 who is receiving a benefit or terminates employment with a vested  
20 benefit from the Teachers' Retirement System of Oklahoma and who is  
21 enrolled in the health insurance group by the previous carrier at  
22 the time the previous carrier providing health insurance coverage is  
23 replaced. Notwithstanding any provision in this section to the  
24 contrary, any person who retires pursuant to the provisions of the

1 Teachers' Retirement System of Oklahoma prior to May 1, 1993, or  
2 terminates service with a vested benefit, pursuant to the provisions  
3 of the Teachers' Retirement System of Oklahoma prior to May 1, 1993,  
4 may continue to participate in the health and dental plans  
5 authorized by the provisions of the ~~State and Education Employees~~  
6 ~~Group Insurance~~ Oklahoma Employees Insurance and Benefits Act.

7 F. In the event a technology center school district ceases to  
8 exist, the assets and duties of said technology center school  
9 district are transferred to one or more other technology center  
10 school districts, said other technology center school district or  
11 districts do not agree to employ all of the former employees of the  
12 technology center school district that is ceasing to exist, and said  
13 former employees who are not being reemployed have rights under  
14 federal or state law to continue group insurance coverage, the  
15 annexing technology center school district having the largest  
16 general fund revenue for the most recent preceding fiscal year for  
17 which data is available shall provide group insurance coverage to  
18 said former employees not being retained during the period as  
19 required by law.

20 SECTION 2. AMENDATORY 70 O.S. 2021, Section 26-104, is  
21 amended to read as follows:

22 Section 26-104. A. Each fiscal year, the Legislature shall  
23 appropriate adequate funding to the State Board of Education and the  
24 State Board of Career and Technology Education for the purpose of

1 providing a flexible benefit allowance to school district employees  
2 pursuant to this act. Unless the Legislature appropriates adequate  
3 funding specifically for the purpose of providing a flexible benefit  
4 allowance to school district employees, the Oklahoma State Board of  
5 Education shall allocate from the funds appropriated to the Oklahoma  
6 State Board of Education for the support of public school activities  
7 an amount to fully fund the flexible benefit allowance, which shall  
8 occur first prior to allocating the funds for any other purpose.  
9 The amount appropriated for funding and disbursed to school  
10 districts shall be calculated by multiplying the number of eligible  
11 school district employees employed by school districts which are  
12 participating in the health insurance plan offered by the ~~State and~~  
13 ~~Education Employees Group Insurance~~ Oklahoma Employees Insurance and  
14 Benefits Board or are self-insured as counted in February of each  
15 year by the amount of the flexible benefit allowance credited to the  
16 eligible school employees as established in Section 26-105 of this  
17 title. Each Board shall disburse the total amount appropriated for  
18 funding the flexible benefit allowance to school districts during  
19 the fiscal year. From the total amount appropriated, each Board  
20 shall disburse the appropriate amounts, based on the number of  
21 eligible school district employees employed by that school district,  
22 to each school district.

23 B. Every school district shall establish or make available to  
24 school district employees a cafeteria plan pursuant to 26 U.S.C.

1 Section 125 of the United States Code. The plan shall offer, as a  
2 benefit, major medical health care plan coverage.

3 C. The flexible benefit allowance amount established pursuant  
4 to Section 26-105 of this title shall be credited to each eligible  
5 school district employee. School district employees shall elect  
6 whether to use the flexible benefit allowance to pay for coverage in  
7 the health insurance plan offered by the ~~State and Education~~  
8 ~~Employees Group Insurance~~ Oklahoma Employees Insurance and Benefits  
9 Board or the self-insured plan offered by the school district and  
10 may receive the excess flexible benefit allowance as taxable  
11 compensation as provided in Section 26-105 of this title.

12 D. The administrator of the cafeteria plan shall maintain a  
13 separate account for each participating school district employee.  
14 School districts shall forward the school district employee flexible  
15 benefit allowance amounts to the administrator for elected purchases  
16 of cafeteria plan benefits.

17 E. Expenses included in an employee's salary adjustment  
18 agreement pursuant to the cafeteria plan shall be limited to  
19 expenses for:

20 1. Premiums for any health insurance, health maintenance  
21 organization, life insurance, long term disability insurance, dental  
22 insurance or high deductible health benefit plan offered to  
23 employees and their dependents; and  
24



1        2. All other eligible benefit programs offered under 26 U.S.C.  
2 Section 125 of the United States Code.

3        F. The flexible benefit allowance amount established in Section  
4 26-105 of this title shall not be included as income in computation  
5 of state retirement contributions and benefits or as part of the  
6 Minimum Salary Schedule for teachers established in Section 18-  
7 114.12 of this title. School districts shall not consider the  
8 flexible benefit allowance amount as income for eligible support  
9 employees and thereby shall not reduce the salary of an eligible  
10 support employee.

11        SECTION 3.        AMENDATORY        70 O.S. 2021, Section 26-105, is  
12 amended to read as follows:

13        Section 26-105. A. The flexible benefit allowance shall be  
14 used by a school district employee who is participating in the  
15 cafeteria plan to purchase major medical health care plan coverage  
16 offered by the school district through a cafeteria plan. Any excess  
17 flexible benefit allowance over the cost of the major medical  
18 coverage purchased by the employee who is participating in the  
19 cafeteria plan may be used to purchase any of the additional  
20 benefits offered by the school district or may be taken as taxable  
21 compensation as provided in subsection C of this section. Certified  
22 personnel who choose not to participate in the school-district-  
23 sponsored cafeteria plan shall receive Sixty-nine Dollars and  
24 seventy-one cents (\$69.71) per month as taxable compensation in lieu

1 of the flexible benefit allowance amount provided in subsection B of  
2 this section. Support personnel who choose not to participate in  
3 the school-district-sponsored cafeteria plan shall receive One  
4 Hundred Eighty-nine Dollars and sixty-nine cents (\$189.69) per month  
5 as taxable compensation in lieu of the flexible benefit allowance  
6 amount provided in subsection B of this section.

7 B. Each eligible school district employee shall be credited  
8 annually with a specified amount as a flexible benefit allowance  
9 which shall be available for the purchase of benefits. The amount  
10 of the flexible benefit allowance credited to each eligible school  
11 district employee shall be communicated to the employee prior to the  
12 enrollment period for each plan year.

13 1. For the fiscal year ending June 30, 2002, the flexible  
14 benefit allowance amount for certified personnel shall be no less  
15 than Sixty-nine Dollars and seventy-one cents (\$69.71) per month.  
16 For the fiscal year ending June 30, 2002, the flexible benefit  
17 allowance amount for support personnel shall be no less than One  
18 Hundred Eighty-nine Dollars and sixty-nine cents (\$189.69) per  
19 month.

20 2. For the fiscal year ending June 30, 2004, the flexible  
21 benefit allowance amount for certified personnel shall be no less  
22 than fifty-eight percent (58%) of the premium amount for the  
23 HealthChoice (Hi) option plan for an individual offered by the ~~State~~  
24 ~~and Education Employees Group Insurance~~ Oklahoma Employees Insurance

1 and Benefits Board. For the fiscal year ending June 30, 2003, and  
2 each fiscal year thereafter, the flexible benefit allowance amount  
3 for support personnel shall be no less than one hundred percent  
4 (100%) of the premium amount for the HealthChoice (Hi) option plan  
5 for an individual offered by the ~~State and Education Employees Group~~  
6 ~~Insurance~~ Oklahoma Employees Insurance and Benefits Board.

7 3. For the fiscal year ending June 30, 2005, and each fiscal  
8 year thereafter, the flexible benefit allowance amount for certified  
9 personnel shall be no less than one hundred percent (100%) of the  
10 premium amount for the HealthChoice (Hi) option plan for an  
11 individual offered by the ~~State and Education Employees Group~~  
12 ~~Insurance~~ Oklahoma Employees Insurance and Benefits Board.

13 C. If a school district employee who is participating in the  
14 cafeteria plan elects benefits whose sum total is less than the  
15 flexible benefit allowance, the employee shall receive any excess  
16 flexible benefit allowance as taxable compensation. Such taxable  
17 compensation shall be paid in substantially equal amounts each pay  
18 period over the plan year. Except as otherwise provided for in  
19 subsection D of this section, on termination during a plan year, a  
20 participating school district employee shall have no right to  
21 receive any taxable cash compensation allocated to the portion of  
22 the plan year after the termination of the employee.

23 D. In cases where the employee of a school district fulfills  
24 the terms of their contract and terminates employment for the

1 subsequent year, the employee shall be entitled to the flexible  
2 benefit allowance for the remainder of the current benefit term.  
3 For purposes of this subsection, "benefit term" shall mean the  
4 twelve-month period after the initiation of benefits for the  
5 position held by the employee.

6 E. Each school district employee shall make an annual election  
7 of benefits under the plan during an enrollment period to be held  
8 prior to the beginning of each plan year. The enrollment period  
9 dates will be determined annually and will be announced by the  
10 school district, providing the enrollment period shall end no later  
11 than thirty (30) days before the beginning of the plan year. Each  
12 school district employee shall make an irrevocable advance election  
13 for the plan year or the remainder of the plan year pursuant to  
14 procedures the school district shall prescribe.

15 F. The school district shall prescribe the forms that school  
16 district employees shall be required to use in making their  
17 elections, and may prescribe deadlines and other procedures for  
18 filing the elections.

19 G. School district employees hired after the closing of the  
20 enrollment period shall be allowed to make an election as provided  
21 in this act.

22 H. A district board of education shall have the option of  
23 providing a flexible benefit allowance to the superintendent of the  
24 school district in an amount not more than the amount of the

1 flexible benefit allowance established for certified personnel in  
2 subsection B of this section. Funding for the flexible benefit  
3 allowance for a superintendent shall be provided through local  
4 revenue.

5 SECTION 4. AMENDATORY 74 O.S. 2021, Section 85.58A, is  
6 amended to read as follows:

7 Section 85.58A A. The Office of Management and Enterprise  
8 Services (OMES) shall establish for all state agencies, whether or  
9 not subject to the Oklahoma Central Purchasing Act, and other  
10 entities as provided by law a comprehensive professional risk  
11 management program which shall:

12 1. Identify and evaluate risks of loss and exposures to loss to  
13 officers, employees and properties;

14 2. Minimize risks through loss-prevention and loss-control  
15 programs;

16 3. Transfer risks, if economically advantageous to the state,  
17 by acquiring commercial insurance, contractual pass through of  
18 liability, or by other means;

19 4. Consolidate and administer risk management plans and  
20 programs including self-insurance programs, except State Employees  
21 Group Insurance;

22 5. Determine feasibility of and, if feasible, establish self-  
23 insurance programs, considering whether a program may be self-  
24 supporting to remain financially and actuarially sound;

1       6. Provide a system to allocate insurance and program costs to  
2 determine payment for insurance coverage and program expenses  
3 provided by the Office of Management and Enterprise Services;

4       7. When requested by a state retirement system or the ~~State and~~  
5 ~~Education Employees Group Insurance~~ Oklahoma Employees Insurance and  
6 Benefits Board, assist in obtaining insurance authorized by law. If  
7 requested by the Oklahoma State Regents for Higher Education, assist  
8 trust funds for which the State Regents serve as trustees in  
9 obtaining insurance authorized by law;

10       8. Assist state agencies and officers, employees, and members  
11 thereof, charged with licensing authority, in obtaining insurance  
12 for liability for judgments, based on the licensing authority,  
13 rendered by any court pursuant to federal law;

14       9. When requested by a public trust established pursuant to  
15 Title 60 of the Oklahoma Statutes of which the State of Oklahoma is  
16 the beneficiary, obtain, provide or assist the public trust in  
17 obtaining insurance authorized by law or trust indenture covering  
18 any board member, trustee, official, officer, employee or volunteer  
19 for errors and omissions or liability risks arising from the  
20 performance of official duties pursuant to law or trust indenture;

21       10. When requested by the Oklahoma State Regents for Higher  
22 Education, for the purpose of insuring real property required  
23 pursuant to Section 4018 of Title 70 of the Oklahoma Statutes, of  
24 which the Oklahoma State Regents for Higher Education is the

1 beneficiary, obtain, provide or assist the Oklahoma State Regents  
2 for Higher Education in obtaining insurance for the real property  
3 pursuant to the provisions of this section; and

4 11. Authorize the Risk Management Administrator to declare an  
5 emergency for the purpose of mitigating damages to any state-owned  
6 property insured under the comprehensive professional risk  
7 management program administered by OMES.

8 B. The Director of the Office of Management and Enterprise  
9 Services may hire or contract for the services of a Risk Management  
10 Administrator to supervise the Comprehensive Professional Risk  
11 Management Program established pursuant to this section. If  
12 appointed by the Director as a state employee, the Risk Management  
13 Administrator shall be in the unclassified service.

14 C. The Risk Management Administrator shall evaluate insurance  
15 coverage needs and in force for state agencies, whether or not  
16 subject to the Oklahoma Central Purchasing Act, and other entities  
17 as provided by law. All entities shall submit to the Risk  
18 Management Administrator all information which the Risk Management  
19 Administrator deems necessary to perform this duty.

20 D. The Risk Management Administrator in conjunction with the  
21 State Purchasing Director under the authority of the Director of the  
22 Office of Management and Enterprise Services may negotiate insurance  
23 coverage and insurance-related services including, but not limited  
24 to, insurance brokerage and consulting services. The State

Purchasing Director shall ensure open processes for solicitation and qualification of insurance coverage and services providers. The State Purchasing Director shall award contracts for insurance coverage and services to the provider or providers which offer the best and final terms and conditions. The State Purchasing Director may authorize the Risk Management Administrator to bind for insurance coverage with providers.

E. The school districts of this state may request the Risk Management Administrator to advise for the purchase of insurance coverage for the school districts.

F. A state agency, whether or not subject to the Oklahoma Central Purchasing Act, that contemplates purchase of property and casualty insurance, shall provide details of the proposed purchase to the Risk Management Administrator for approval or disapproval prior to the purchase.

G. The Director of the Office of Management and Enterprise Services shall promulgate rules to effect the provisions of the comprehensive professional risk management program.

H. 1. a. Any community action agency established pursuant to Sections 5035 through 5040 of this title may participate in the comprehensive professional risk management program established pursuant to this section for risks incurred as a result of operating a Head Start program or providing transportation



1 services to the public. The Risk Management  
2 Administrator shall obtain or provide for insurance  
3 coverage for such community action agencies or bonding  
4 for employees of such community action agencies. Any  
5 liability insurance coverage obtained or provided  
6 shall include expenses for administrative and legal  
7 services obtained or provided by the Risk Management  
8 Administrator.

9 b. The Risk Management Administrator shall determine  
10 criteria for participation in the risk management  
11 program by such community action agencies. In  
12 addition, the Risk Management Administrator may  
13 require each such community action agency to:

14 (1) provide adequate qualified personnel and suitable  
15 facilities and equipment for operating a Head  
16 Start program or providing transportation  
17 services to the public, and

18 (2) comply with such standards as are necessary for  
19 the protection of the clients it serves.

20 2. To receive coverage pursuant to this section, a community  
21 action agency shall make payments for any insurance coverage and  
22 shall otherwise comply with the provisions of this section and rules  
23 promulgated by the Office pursuant to the provisions of this  
24 section.

1        3. Requests for the insurance coverage provided pursuant to the  
2 provisions of this subsection shall be submitted in writing to the  
3 Risk Management Administrator by the community action agencies.

4        I. The Risk Management Administrator may provide or obtain for  
5 any state agency, public trust with the state as a beneficiary and a  
6 director, officer, employee or member thereof, insurance for  
7 liability for loss, including judgments, awards, settlements, costs  
8 and legal expenses, resulting from violations of rights or  
9 privileges secured by the Constitution or laws of the United States  
10 of America which occur while a director, officer, employee or member  
11 is acting within the scope of service to the State of Oklahoma. The  
12 insurance shall be for coverage in excess of the limits on liability  
13 established by The Governmental Tort Claims Act but shall not limit  
14 or waive any immunities now or hereafter available to the State of  
15 Oklahoma or any state agency, any public trust with the state as a  
16 beneficiary, or any director, officer, employee or member thereof  
17 including, but not limited to, any immunities under the Eleventh  
18 Amendment to the Constitution of the United States, state sovereign  
19 immunity, and any absolute or qualified immunity held by any  
20 director, officer, employee or member.

21        SECTION 5.        AMENDATORY        74 O.S. 2021, Section 1316.2, is  
22 amended to read as follows:

23        Section 1316.2 A. Any employee, other than an education  
24 employee, who retires pursuant to the provisions of the Oklahoma

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

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

11 B. 1. Health insurance benefit plans offered pursuant to this  
12 section shall include:

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

1           e.     for the Oklahoma Public Employees Retirement System,  
2                 other employer-provided health insurance benefit plans  
3                 if the employer does not participate in the plans  
4                 offered pursuant to the Oklahoma Employees Insurance  
5                 and Benefits Act.

6           2.    Health insurance benefit plans offered pursuant to this  
7    section shall provide prescription drug benefits, except for plans  
8    designed pursuant to the Medicare Prescription Drug Improvement and  
9    Modernization Act ~~of 2003~~, pursuant to 42 USCA Section 1395w-101, et  
10 seq., for which provision of prescription drug benefits is optional,  
11 and except for plans offered pursuant to subparagraph e of paragraph  
12 1 of this subsection.

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

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

1 insurance benefit plan, whichever is less, paid by the  
2 Oklahoma Public Employees Retirement System to the  
3 Board or to another insurance carrier or other  
4 qualified benefits administrator of the employer if  
5 the employer does not participate in the plans offered  
6 by the Office in the manner specified in subsection G  
7 of this section,

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

18 c. a retired employee other than an education employee  
19 who is receiving benefits from the Oklahoma Law  
20 Enforcement Retirement System after September 30,  
21 1988, is sixty-five (65) years of age or older or who  
22 is under sixty-five (65) years of age and is eligible  
23 for Medicare shall have One Hundred Five Dollars  
24 (\$105.00), or the premium rate of the health insurance

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

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

14 a. the health plan shall be authorized by the provisions  
15 of the Oklahoma Employees Insurance and Benefits Act,  
16 except that if an employer from which an employee  
17 retired or with a vested benefit pursuant to the  
18 provisions of the Oklahoma Public Employees Retirement  
19 System does not participate in the plans authorized by  
20 the provisions of the Oklahoma Employees Insurance and  
21 Benefits Act, the health plan will be the health  
22 insurance benefits of the employer from which the  
23 individual retired or vested,  
24

1           b.    for plans offered by the Oklahoma Employees Insurance  
2                   and Benefits Act, the amount to be paid shall be  
3                   determined pursuant to the provisions of this  
4                   subsection and shall first be applied in whole or in  
5                   part to the prescription drug coverage premium. Any  
6                   remaining amount shall be applied toward the medical  
7                   coverage premium,

8           c.    for all plans, if the amount paid by the public  
9                   retirement system does not cover the full cost of the  
10                  elected coverage, the individual shall pay the  
11                  remaining premium amount, and

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

14          D.    For any member of the Oklahoma Law Enforcement Retirement  
15   System killed in the line of duty, whether the member was killed in  
16   the line of duty prior to May 18, 2005, or on or after May 18, 2005,  
17   or if the member was on a disability leave status at the time of  
18   death, the surviving spouse or dependents of such deceased member of  
19   the Oklahoma Law Enforcement Retirement System may elect to continue  
20   or commence health and dental insurance benefits, provided the  
21   dependents pay the full cost of such insurance, and for deaths  
22   occurring on or after July 1, 2002, such election is made within  
23   thirty (30) days of the date of death. The eligibility for the  
24



1 benefits shall terminate for the surviving children when the  
2 children cease to qualify as dependents.

3 E. Effective July 1, 2004, a retired member of the Oklahoma Law  
4 Enforcement Retirement System who retired from the System by means  
5 of a personal and traumatic injury of a catastrophic nature and in  
6 the line of duty and any surviving spouse of such retired member and  
7 any surviving spouse of a member who was killed in the line of duty  
8 shall have one hundred percent (100%) of the retired member's or  
9 surviving spouse's health care premium cost, whether the member or  
10 surviving spouse elects coverage under the Medicare supplement or  
11 Medicare risk-sharing contract, paid by the Oklahoma Law Enforcement  
12 Retirement System to the Office in the manner specified in  
13 subsection H of this section. For plans offered by the Office, such  
14 contributions will first be applied in whole or in part to the  
15 prescription drug coverage premium, if any.

16 F. Dependents of a deceased employee who was on active work  
17 status or on a disability leave at the time of death or of a  
18 participating retardant or of any person who has elected to receive  
19 a vested benefit under the Oklahoma Public Employees Retirement  
20 System, the Uniform Retirement System for Justices and Judges or the  
21 Oklahoma Law Enforcement Retirement System may continue the health  
22 and dental insurance benefits in force, provided the dependents pay  
23 the full cost of such insurance and they were covered as eligible  
24 dependents at the time of such death and such election is made

1 within thirty (30) days of date of death. The eligibility for the  
2 benefits shall terminate for the surviving children when the  
3 children cease to qualify as dependents.

4 G. The amounts required to be paid by the Oklahoma Public  
5 Employees Retirement System, the Uniform Retirement System for  
6 Justices and Judges and the Oklahoma Law Enforcement Retirement  
7 System pursuant to this section shall be forwarded no later than the  
8 tenth day of each month following the month for which payment is due  
9 by the Oklahoma Public Employees Retirement System Board of Trustees  
10 or the Oklahoma Law Enforcement Retirement Board to the Office for  
11 deposit in the Health, Dental and Life Insurance Reserve Fund or to  
12 another insurance carrier or other administrator of qualified  
13 benefits of the employer as provided for in subsection H of Section  
14 1315 of this title.

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

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

10 SECTION 6. AMENDATORY 74 O.S. 2021, Section 1321, is  
11 amended to read as follows:

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

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

22 1. For active employees and their dependents, the Office's  
23 premium determination shall be made no later than the bid submission  
24 date for health maintenance organizations set by the ~~Oklahoma State~~

1 ~~Employees Benefits Council~~ Oklahoma Employees Insurance and Benefits  
2 Board, which shall be set in August no later than the third Friday  
3 of that month; and

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

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

15 SECTION 7. AMENDATORY 74 O.S. 2021, Section 1332, is  
16 amended to read as follows:

17 Section 1332. A. ~~The State and Education Employees Group~~  
18 ~~Insurance~~ Oklahoma Employees Insurance and Benefits Board shall  
19 establish a Disability Insurance Program for state employees. The  
20 program shall consist of a long-term disability plan and a short-  
21 term disability plan. Participation in the program shall be limited  
22 to state employees who have been state employees for a period of not  
23 less than one (1) month and who are eligible for enrollment in the  
24 Health Insurance Plan administered by the Board. No state employee

1 shall be eligible to receive any benefits from the long-term  
2 disability program unless the state employee has used all of the  
3 sick leave of the employee. The Board shall promulgate such rules  
4 as are necessary for adoption and administration of the Disability  
5 Insurance Program, including but not limited to benefit eligibility  
6 requirements, methods for computing benefit amounts, benefits  
7 amounts, and verification of medical and health status of employees  
8 applying for or receiving benefits.

9 B. The Disability Insurance Program shall be funded from  
10 appropriations made by the Legislature. Employees shall not be  
11 required to make contributions to participate in the program.

12 C. Employee disability insurance coverage shall begin on March  
13 1, 1986.

14 D. The Board shall establish a grievance procedure by which a  
15 three-member grievance panel established in the same manner as  
16 specified in ~~paragraph 6 of Section 1306~~ Section 1304.1 of this  
17 title shall act as an appeals body for complaints regarding the  
18 allowance and payment of claims, eligibility, and other matters.  
19 The grievance procedure provided by this subsection shall be the  
20 exclusive remedy available to persons having complaints against the  
21 insurer. Such grievance procedure shall be subject to the Oklahoma  
22 Administrative Procedures Act, including provisions for the review  
23 of agency decisions by the district court. The grievance panel  
24 shall schedule a hearing regarding the allowance and payment of

1 claims, eligibility and other matters within sixty (60) days from  
2 the date the grievance panel receives a written request for a  
3 hearing. Upon written request to the grievance panel received not  
4 less than ten (10) days before the hearing date, the grievance panel  
5 shall cause a full stenographic record of the proceedings to be made  
6 by a licensed or certified court reporter at the insured employee's  
7 expense.

8 E. The Board may establish a claim processing division for  
9 claims administration or may contract for claims administration  
10 services with a private insurance carrier or a company that  
11 specializes in claims administration of any insurance that the Board  
12 may be directed to offer.

13 SECTION 8. AMENDATORY 74 O.S. 2021, Section 1332.1, is  
14 amended to read as follows:

15 Section 1332.1 A. ~~The State and Education Employees Group~~  
16 ~~Insurance~~ The Oklahoma Employees Insurance and Benefits Board shall  
17 collect from state agencies each month, the premium amount, as  
18 determined by the Board, for each employee of a state agency that  
19 participates in the Disability Insurance Program. Said sum shall be  
20 deposited in the State Employees Disability Insurance Reserve Fund  
21 for use in accordance with law.

22 B. ~~The State and Education Employees Group Insurance~~ Oklahoma  
23 Employees Insurance and Benefits Board shall submit a monthly  
24 statement of the revenues and disbursements of the Disability

1 Insurance Program to the Governor, the Speaker of the House of  
2 Representatives, the President Pro Tempore of the Senate and the  
3 Legislative Service Bureau. The Legislative Service Bureau shall  
4 distribute copies of such monthly statements to the fiscal staff of  
5 the House of Representatives and the State Senate.

6 C. On or before March 1 of each year, the ~~State and Education~~  
7 ~~Employees Group Insurance~~ Oklahoma Employees Insurance and Benefits  
8 Board shall submit a report of the actuarially-determined future  
9 needs of the Disability Insurance Program. Said report shall be  
10 submitted and distributed as provided for in subsection B of this  
11 section.

12 D. The Board shall provide for the continuation of dependent  
13 health coverage to disability recipients for that period of time  
14 when the employee is qualified as disabled but not yet received  
15 disability benefit income.

16 E. The Board shall deduct all dependent health coverage  
17 premiums due and owing from the first retroactive disability payment  
18 and each payment thereafter.

19 SECTION 9. AMENDATORY 74 O.S. 2021, Section 1346, is  
20 amended to read as follows:

21 Section 1346. There is hereby created in the State Treasury a  
22 revolving fund for the ~~State and Education Employees Group Insurance~~  
23 Oklahoma Employees Insurance and Benefits Board to be designated the  
24 "Flexible Benefit Revolving Fund". The fund shall be a continuing

1 fund, not subject to fiscal year limitations, and shall consist of  
2 employee payroll deductions and contributions for flexible spending  
3 accounts. All monies accruing to the credit of said fund are hereby  
4 appropriated and may be budgeted and expended by the ~~State and~~  
5 ~~Education Employees Group Insurance~~ Oklahoma Employees Insurance and  
6 Benefits Board for expenses of the state employees flexible benefits  
7 plan and for expenses authorized by law. The ~~State and Education~~  
8 ~~Employees Group Insurance~~ Oklahoma Employees Insurance and Benefits  
9 Board is authorized to pay employee claim costs associated with the  
10 state employees flexible benefits plan from monies accrued for said  
11 purpose. Expenditures from said funds shall be pursuant to the laws  
12 of the state and statutes relating to the state employees flexible  
13 benefits plan.

14 SECTION 10. AMENDATORY 74 O.S. 2021, Section 1370, is  
15 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~~ Oklahoma Employees  
2 Insurance and Benefits Board under the flexible benefits plan. A  
3 participant who has opted out of the state's basic plan and provided  
4 proof of other coverage as described in this subsection shall  
5 receive One Hundred Fifty Dollars (\$150.00) in lieu of the flexible  
6 benefit monthly. A participant's flexible benefit dollars for a  
7 plan year shall consist of the sum of (1) flexible benefit allowance  
8 credited to a participant by the participating employer, and (2) pay  
9 conversion dollars elected by a participant.

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

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

1        1. The greater of the amount of benefit which the participant  
2 would have qualified for as of plan year 2021, or an amount equal to  
3 the monthly premium of the HealthChoice High Option plan, the  
4 average monthly premiums of the dental plans, the monthly premium of  
5 the disability plan, and the monthly premium of the basic life  
6 insurance plan offered to state employees or the amount determined  
7 by the Council based on a formula for determining a participant's  
8 benefit credits consistent with the requirements of 26 U.S.C.,  
9 Section 125(g)(2) and regulations thereunder;

10       2. The greater of the amount of benefit which the participant  
11 would have qualified for as of plan year 2021 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,

- 1           c.    for two or more children, seventy-five percent (75%)  
2                   of the HealthChoice High Option plan, for coverage of  
3                   two or more children,  
4           d.    for a spouse and one child, seventy-five percent (75%)  
5                   of the HealthChoice High Option plan, for coverage of  
6                   a spouse and one child, or  
7           e.    for a spouse and two or more children, seventy-five  
8                   percent (75%) of the HealthChoice High Option plan,  
9                   for coverage of a spouse and two or more children;

10        3.   For the plan year beginning January 1, 2022, the amount of a  
11 participant's benefit allowance shall be increased by two percent  
12 (2%) from the amount provided in the previous year;

13        4.   For the plan year beginning January 1, 2023, the amount of a  
14 participant's benefit allowance shall be increased by two percent  
15 (2%) from the amount provided in the previous year; or

16        5.   The greater of the amount of benefit which the participant  
17 would have qualified for as of plan year 2023, 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 11. REPEALER 74 O.S. 2021, Section 1329.1, is  
20 hereby repealed.

21 SECTION 12. REPEALER 74 O.S. 2021, Sections 1381, 1382,  
22 1383, and 1384, are hereby repealed.

23 SECTION 13. This act shall become effective November 1, 2024.  
24

1 Passed the House of Representatives the 6th day of March, 2024.

2  
3  
4 Presiding Officer of the House  
of Representatives

5  
6 Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 2024.

7  
8 Presiding Officer of the Senate