

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                               STATE OF OKLAHOMA

3                               1st Session of the 59th Legislature (2023)

4   HOUSE BILL 1407

By: Culver of the House

5   and

6   **Stewart** of the Senate

7  
8  
9  
10                               AS INTRODUCED

11                   **[ state employee benefits - benefit allowance for**  
12                   **state employees - effective date ]**

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

17               SECTION 1.           AMENDATORY           74 O.S. 2021, Section 1370, is  
18   amended to read as follows:

19               Section 1370.   A.   Subject to the requirement that a participant  
20   must elect the default benefits, the basic plan, or is a person who  
21   has retired from a branch of the United States military and has been  
22   provided with health care through a federal plan, to the extent that  
23   it is consistent with federal law, or is an active employee who is  
24   eligible to participate and who is a participant who has opted out

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

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

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

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

12 2. The greater of the amount of benefit which the participant  
13 would have qualified for as of plan year 2021 or an amount equal to  
14 the monthly premium of the HealthChoice High Option plan, the  
15 average monthly premiums of the dental plans, the monthly premium of  
16 the disability plan, and the monthly premium of the basic life  
17 insurance plan offered to state employees plus one of the additional  
18 amounts as follows for participants who elect to include one or more  
19 dependents:

20 a. for a spouse, seventy-five percent (75%) of the  
21 HealthChoice High Option plan, ~~available~~ for coverage  
22 of a spouse,  
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- 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;

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

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

5. For the plan year beginning January 1, 2024, the amount of a participant's benefit allowance shall be increased by two percent (2%) from the amount provided in the previous year;

6. For the plan year beginning January 1, 2025, the amount of a participant's benefit allowance shall be increased by two percent (2%) from the amount provided in the previous year; or

1        7. The greater of the amount of benefit which the participant  
2 would have qualified for as of plan year ~~2023~~ 2025, or an amount  
3 equal to the monthly premium of the HealthChoice High Option plan,  
4 the average monthly premiums of the dental plans, the monthly  
5 premium of the disability plan and the monthly premium of the basic  
6 life insurance plan offered to state employees plus one of the  
7 additional amounts as follows for participants who elect to include  
8 one or more dependents:

- 9            a. for a spouse, seventy-five percent (75%) of the  
10            HealthChoice High Option plan, ~~available~~ for coverage  
11            of a spouse,
- 12            b. for one child, seventy-five percent (75%) of the  
13            HealthChoice High Option plan, for coverage of one  
14            child,
- 15            c. for two or more children, seventy-five percent (75%)  
16            of the HealthChoice High Option plan, for coverage of  
17            two or more children,
- 18            d. for a spouse and one child, seventy-five percent (75%)  
19            of the HealthChoice High Option plan, for coverage of  
20            a spouse and one child, or
- 21            e. for a spouse and two or more children, seventy-five  
22            percent (75%) of the HealthChoice High Option plan,  
23            for coverage of a spouse and two or more children.

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

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

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

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

14 The benefit allowance under paragraph 2 of subsection C of this  
15 section of an employee whose plan participation includes a group  
16 TRICARE Supplemental benefit shall not include any allowance or  
17 portion thereof for such TRICARE Supplemental benefit.

18 E. This section shall not prohibit payments for supplemental  
19 health insurance coverage made pursuant to Section 1314.4 of this  
20 title or payments for the cost of providing health insurance  
21 coverage for dependents of employees of the Grand River Dam  
22 Authority.

23 F. If a participant desires to buy benefits whose sum total of  
24 benefit prices is in excess of his or her flexible benefit

1 allowance, the participant may elect to use pay conversion dollars  
2 to purchase such excess benefits. Pay conversion dollars may be  
3 elected through a salary reduction agreement made pursuant to the  
4 election procedures of Section 1371 of this title. The elected  
5 amount shall be deducted from the participant's compensation in  
6 equal amounts each pay period, with the exception of participants on  
7 a biweekly payroll system, where such deduction shall occur over  
8 twenty-four pay periods over the plan year. On termination of  
9 employment during a plan year, a participant shall have no  
10 obligation to pay the participating employer any pay conversion  
11 dollars allocated to the portion of the plan year after the  
12 participant's termination of employment.

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

1 corresponding reduction in the sum of his or her flexible benefit  
2 allowance equal to the sum total benefit price of such minimum  
3 benefits or default benefits.

4 SECTION 2. This act shall become effective November 1, 2023.  
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6 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated  
7 03/02/2023 - DO PASS, As Amended and Coauthored.  
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