

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 59th Legislature (2024)

4 HOUSE BILL 3369

 By: McEntire of the House

5 and

6 **Garvin** of the Senate

7
8
9 AS INTRODUCED

10 An Act relating to state government; amending 74 O.S.
11 2021, Section 1304.1, which relates to the Oklahoma
12 Employees Insurance and Benefits Act; modifying
 certain duties and responsibilities; adding external
 review requirements; and providing an effective date.

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

16 SECTION 1. AMENDATORY 74 O.S. 2021, Section 1304.1, is
17 amended to read as follows:

18 Section 74-1304.1 A. The State and Education Employees Group
19 Insurance Board and the Oklahoma State Employees Benefits Council
20 are hereby abolished. Wherever the State and Education Employees
21 Group Insurance Board and the Oklahoma State Employees Benefits
22 Council are referenced in law, that reference shall be construed to
23 mean the Oklahoma Employees Insurance and Benefits Board.

1 B. There is hereby created the Oklahoma Employees Insurance and
2 Benefits Board.

3 C. The chair and vice-chair shall be elected by the Board
4 members at the first meeting of the Board and shall preside over
5 meetings of the Board and perform other duties as may be required by
6 the Board. Upon the resignation or expiration of the term of the
7 chair or vice-chair, the members shall elect a chair or vice-chair.
8 The Board shall elect one of its members to serve as secretary.

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

- 11 1. The State Insurance Commissioner, or designee;
- 12 2. Four members shall be appointed by the Governor;
- 13 3. One member shall be appointed by the Speaker of the Oklahoma
14 House of Representatives; and
- 15 4. One member shall be appointed by the President Pro Tempore
16 of the Oklahoma State Senate.

17 E. The appointed members shall:

- 18 1. Have demonstrated professional experience in investment or
19 funds management, public funds management, public or private group
20 health or pension fund management, or group health insurance
21 management;
- 22 2. Be licensed to practice law in this state and have
23 demonstrated professional experience in commercial matters; or
24

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

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

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

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

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

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

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

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

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

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

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

16 I. Except as otherwise provided in this subsection, no member
17 of the Board shall be a lobbyist registered in this state as
18 provided by law, or be employed directly or indirectly by any firm
19 or health care provider under contract to the State and Education
20 Employees Group Insurance Board, the Oklahoma State Employees
21 Benefits Council, or the Oklahoma Employees Insurance and Benefits
22 Board, or any benefit program under its jurisdiction, for any goods
23 or services whatsoever. Any physician member of the Board shall not
24 be subject to the provisions of this subsection.

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

4 K. The Board shall act in accordance with the provisions of the
5 Oklahoma Open Meeting Act, the Oklahoma Open Records Act and the
6 Administrative Procedures Act.

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

20 M. The Office of Management and Enterprise Services shall have
21 the following duties, responsibilities and authority with respect to
22 the administration of the flexible benefits plan authorized pursuant
23 to the State Employees Flexible Benefits Act:
24

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

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

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

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

18 5. To prepare and distribute information communicating and
19 explaining the plan to participating employers and participants.
20 Health Maintenance Organizations or other third-party insurance
21 vendors may be directly or indirectly involved in the distribution
22 of communicated information to participating state agency employers
23 and state employee participants subject to the following condition:
24

1 the Board shall verify all marketing and communications information
2 for factual accuracy prior to distribution;

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

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

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

11 9. To negotiate for best and final offer through competitive
12 negotiation with the assistance and through the purchasing
13 procedures adopted by the Office of Management and Enterprise
14 Services and contract with federally qualified health maintenance
15 organizations under the provisions of 42 U.S.C., Section 300e et
16 seq., or with Health Maintenance Organizations granted a certificate
17 of authority by the Insurance Commissioner pursuant to the Health
18 Maintenance Reform Act of 2003 for consideration by participants as
19 an alternative to the health plans offered by the Oklahoma Employees
20 Insurance and Benefits Board, and to transfer to the health
21 maintenance organizations such funds as may be approved for a
22 participant electing health maintenance organization alternative
23 services. The Board may also select and contract with a vendor to
24 offer a point-of-service plan. An HMO may offer coverage through a

1 point-of-service plan, subject to the guidelines established by the
2 Board. However, if the Board chooses to offer a point-of-service
3 plan, then a vendor that offers both an HMO plan and a point-of-
4 service plan may choose to offer only its point-of-service plan in
5 lieu of offering its HMO plan. The Board may, however, renegotiate
6 rates with successful bidders after contracts have been awarded if
7 there is an extraordinary circumstance. An extraordinary
8 circumstance shall be limited to insolvency of a participating
9 health maintenance organization or point-of-service plan,
10 dissolution of a participating health maintenance organization or
11 point-of-service plan or withdrawal of another participating health
12 maintenance organization or point-of-service plan at any time during
13 the calendar year. Nothing in this section of law shall be
14 construed to permit either party to unilaterally alter the terms of
15 the contract;

16 10. To retain as confidential information the initial Request
17 For Proposal offers as well as any subsequent bid offers made by the
18 health plans prior to final contract awards as a part of the best
19 and final offer negotiations process for the benefit plan;

20 11. To promulgate administrative rules for the competitive
21 negotiation process;

22 12. To require vendors offering coverage to provide such
23 enrollment and claims data as is determined by the Board. The Board
24 shall be authorized to retain as confidential any proprietary

1 information submitted in response to the Board's Request For
2 Proposal. Provided, however, that any such information requested by
3 the Board from the vendors shall only be subject to the
4 confidentiality provision of this paragraph if it is clearly
5 designated in the Request For Proposal as being protected under this
6 provision. All requested information lacking such a designation in
7 the Request For Proposal shall be subject to Section 24A.1 et seq.
8 of Title 51 of the Oklahoma Statutes. From health maintenance
9 organizations, data provided shall include the current Health Plan
10 Employer Data and Information Set (HEDIS);

11 13. To authorize the purchase of any insurance deemed necessary
12 for providing benefits under the plan including indemnity dental
13 plans, provided that the only indemnity health plan selected by the
14 Board shall be the indemnity plan offered by the Board, and to
15 transfer to the Board such funds as may be approved for a
16 participant electing a benefit plan offered by the Board. All
17 indemnity dental plans shall meet or exceed the following
18 requirements:

- 19 a. they shall have a statewide provider network,
- 20 b. they shall provide benefits which shall reimburse the
- 21 expense for the following types of dental procedures:
- 22 (1) diagnostic,
- 23 (2) preventative,
- 24 (3) restorative,

- (4) endodontic,
- (5) periodontic,
- (6) prosthodontics,
- (7) oral surgery,
- (8) dental implants,
- (9) dental prosthetics, and
- (10) orthodontics, and

c. they shall provide an annual benefit of not less than One Thousand Five Hundred Dollars (\$1,500.00) for all 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~~ this title;

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,

1 physicians and dentists. Unless the Board has otherwise contracted
2 with the out-of-state health care provider, the Board shall
3 reimburse for medical services and treatment rendered and charged by
4 an out-of-state health care provider at least at the same percentage
5 level as the network percentage level of the fee schedule
6 established by the Oklahoma Employees Insurance and Benefits Board
7 if the insured employee was referred to the out-of-state health care
8 provider by a physician or it was an emergency situation and the
9 out-of-state provider was the closest in proximity to the place of
10 residence of the employee which offers the type of health care
11 services needed. For purposes of this paragraph, health care
12 providers shall include, but not be limited to, physicians,
13 dentists, hospitals and special care facilities;

14 19. To enter into a contract with out-of-state providers in
15 connection with any PPO or hospital or medical network plan which
16 shall include, but not be limited to, special care facilities and
17 hospitals outside the borders of the State of Oklahoma. The
18 contract for out-of-state providers shall be identical to the in-
19 state provider contracts. The Board may negotiate for discounts
20 from billed charges when the out-of-state provider is not a network
21 provider and the member sought services in an emergency situation,
22 when the services were not otherwise available in the State of
23 Oklahoma or when the Administrator appointed by the Board approved
24 the service as an exceptional circumstance;

1 20. To create the establishment of ~~a grievance procedure by~~
2 ~~which a three-member grievance panel~~ external appeals procedures for
3 complaints by insured employees in the two following manners:

4 a. independent review organizations, accredited by a
5 national accrediting body, shall act as ~~an~~ appeals
6 ~~body~~ bodies for complaints by insured employees
7 ~~regarding the allowance and payment of claims,~~
8 ~~eligibility, and other matters. Except for grievances~~
9 ~~settled to the satisfaction of both parties prior to a~~
10 ~~hearing, any person who requests in writing a hearing~~
11 ~~before the grievance panel shall receive a hearing~~
12 ~~before the panel.~~ adverse benefit determinations based
13 on:

14 (1) medical judgment,

15 (2) whether the insurer is complying with the
16 surprise billing and cost-sharing protections set
17 forth in Sections 2799A-1 and 2799A-2 of the
18 Public Health Services Act, 42 U.S.C. 201 et
19 seq., and

20 (3) a rescission in coverage,

21 b. a three-member grievance panel, which shall act as an
22 appeals body for complaints by insured employees
23 regarding all other issues.

1 The ~~grievance procedure~~ appeals procedures provided by this
2 paragraph shall be the exclusive ~~remedy~~ remedies available to
3 insured employees having complaints against the insurer. ~~Such~~
4 ~~grievance procedure~~ The appeals procedures of the three-member
5 grievance panel shall be subject to the Oklahoma Administrative
6 Procedures Act, including provisions thereof for review of agency
7 decisions by the district court. The grievance panel shall schedule
8 a hearing ~~regarding the allowance and payment of claims,~~
9 ~~eligibility and other matters~~ within sixty (60) days from the date
10 the grievance panel receives a written request for a hearing unless
11 the panel orders a continuance for good cause shown. Upon written
12 request by the insured employee to the grievance panel and received
13 not less than ten (10) days before the hearing date, the grievance
14 panel shall cause a full stenographic record of the proceedings to
15 be made by a competent court reporter at the insured employee's
16 expense; and

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

21 N. Except for a breach of fiduciary obligation, a Board member
22 shall not be individually or personally responsible for any action
23 of the Board.

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

3 P. The members of the Board shall not accept gifts or
4 gratuities from an individual organization with a value in excess of
5 Ten Dollars (\$10.00) per year. The provisions of this section shall
6 not be construed to prevent the members of the Board from attending
7 educational seminars, conferences, meetings or similar functions.

8 SECTION 2. This act shall become effective November 1, 2024.

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10 COMMITTEE REPORT BY: COMMITTEE ON INSURANCE, dated 02/13/2024 - DO
11 PASS, As Coauthored.

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