

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

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

4 ENGROSSED SENATE
5 BILL NO. 1310

By: McCortney of the Senate

and

Sneed of the House

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9 An Act relating to state-sponsored employee benefits;
10 amending 63 O.S. 2021, Section 5003, which relates to
11 powers and duties of the Oklahoma Health Care
12 Authority; directing the Authority to administer
13 state-sponsored benefits; amending 74 O.S. 2021,
14 Sections 1306.2, 1306.5, 1318, 1321, and 1371, which
15 relate to the administration of state-sponsored
16 plans; conforming language; removing requirement for
17 certain bid acceptance; updating statutory language;
18 providing an effective date; and declaring an
19 emergency.

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

24 SECTION 1. AMENDATORY 63 O.S. 2021, Section 5003, is
amended to read as follows:

Section 5003. A. The Legislature recognizes that the state is
a major purchaser of health care services, and the increasing costs
of such health care services are posing and will continue to pose a
great financial burden on the state. It is the policy of the state
to provide comprehensive health care as an employer to state

1 employees and officials and their dependents and to those who are
2 dependent on the state for necessary medical care. It is imperative
3 that the state develop effective and efficient health care delivery
4 systems and strategies for procuring health care services in order
5 for the state to continue to purchase the most comprehensive health
6 care possible.

7 B. It is therefore incumbent upon the Legislature to establish
8 the Oklahoma Health Care Authority whose purpose shall be to:

9 1. Purchase ~~state and education employees' health care benefits~~
10 ~~and~~ Medicaid benefits;

11 2. Study all state-purchased and state-subsidized health care,
12 alternative health care delivery systems and strategies for the
13 procurement of health care services in order to maximize cost
14 containment in these programs while ensuring access to quality
15 health care; ~~and~~

16 3. Make recommendations aimed at minimizing the financial
17 burden which health care poses for the state, its employees and its
18 charges, while at the same time allowing the state to provide the
19 most comprehensive health care possible; and

20 4. Administer the state-sponsored health and dental benefits
21 plans known as HealthChoice and life insurance plans in accordance
22 with the Oklahoma Employees Insurance and Benefits Act and the State
23 Employees Flexible Benefits Act. The Office of Management and
24 Enterprise Services shall cause the transfer of all necessary

1 assets, data, records, and personnel necessary for the
2 administration of HealthChoice not later than the effective date of
3 this act.

4 SECTION 2. AMENDATORY 74 O.S. 2021, Section 1306.2, is
5 amended to read as follows:

6 Section 1306.2. A. ~~The Director of the Office of Management~~
7 ~~and Enterprise Services~~ Oklahoma Health Care Authority shall submit
8 to the Insurance Commissioner the following information regarding
9 utilization review performed by employees of the ~~Office~~ Authority:

10 1. A utilization review plan that includes:

- 11 a. an adequate summary description of review standards,
12 protocol and procedures to be used in evaluating
13 proposed or delivered hospital and medical care,
- 14 b. assurances that the standards and criteria to be
15 applied in review determinations are established with
16 input from health care providers representing major
17 areas of specialty and certified by the boards of the
18 various American medical specialties, and
- 19 c. the provisions by which patients or health care
20 providers may seek reconsideration or appeal of
21 adverse decisions concerning requests for medical
22 evaluation, treatment or procedures;

23 2. The type and qualifications of the personnel either employed
24 or under contract to perform the utilization review;

1 3. The procedures and policies to ensure that an employee of
2 the ~~Office~~ Authority is reasonably accessible to patients and health
3 care providers five (5) days a week during normal business hours,
4 such procedures and policies to include as a requirement a toll-free
5 telephone number to be available during ~~said~~ such business hours;

6 4. The policies and procedures to ensure that all applicable
7 state and federal laws to protect the confidentiality of individual
8 medical records are followed;

9 5. The policies and procedures to verify the identity and
10 authority of personnel performing utilization review by telephone;

11 6. A copy of the materials designed to inform applicable
12 patients and health care providers of the requirements of the
13 utilization review plan;

14 7. The procedures for receiving and handling complaints by
15 patients, hospitals and health care providers concerning utilization
16 review; and

17 8. Procedures to ensure that after a request for medical
18 evaluation, treatment, or procedures has been rejected in whole or
19 in part and in the event a copy of the report on ~~said~~ such rejection
20 is requested, a copy of the report of the personnel performing
21 utilization review concerning the rejection shall be mailed by the
22 insurer, postage prepaid, to the ill or injured person, the treating
23 health care provider, hospital or to the person financially
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1 responsible for the patient's bill within fifteen (15) days after
2 receipt of the request for the report.

3 B. The ~~Office~~ Authority shall pay an annual fee to the
4 Insurance Commissioner of Five Hundred Dollars (\$500.00).

5 SECTION 3. AMENDATORY 74 O.S. 2021, Section 1306.5, is
6 amended to read as follows:

7 Section 1306.5. A network provider facility or physician
8 contract, or any part or section of it, may be amended at any time
9 during the term of the contract only by mutual written consent of
10 duly authorized representatives of the ~~Office of Management and~~
11 ~~Enterprise Services~~ Oklahoma Health Care Authority and the facility
12 or physician.

13 SECTION 4. AMENDATORY 74 O.S. 2021, Section 1318, is
14 amended to read as follows:

15 Section 1318. No former employee who is reemployed by a
16 participating entity within twenty-four (24) months after the date
17 of termination of previous employment shall be enrolled in the
18 Oklahoma Employees Insurance and Benefits Plan authorized by
19 Sections 1301 through 1329.1 of this title, for a greater amount of
20 life insurance or life benefit than the amount for which the life of
21 the former employee was insured under the plan at the date of
22 termination of employment, except upon the former employee
23 furnishing evidence of insurability, satisfactory to the ~~Office of~~
24 ~~Management and Enterprise Services~~ Oklahoma Health Care Authority,

1 and any greater amount of benefit or insurance provided the employee
2 shall be at the former employee's cost.

3 SECTION 5. AMENDATORY 74 O.S. 2021, Section 1321, is
4 amended to read as follows:

5 Section 1321. A. ~~The Office of Management and Enterprise~~
6 ~~Services~~ Oklahoma Health Care Authority shall have the authority to
7 determine all rates and life, dental and health benefits for state-
8 sponsored plans. All rates shall be compiled in a comprehensive
9 Schedule of Benefits. The Schedule of Benefits shall be available
10 for inspection during regular business hours at the ~~Office of~~
11 ~~Management and Enterprise Services~~ Authority. The ~~Office~~ Authority
12 shall have the authority to annually adjust the rates and benefits
13 based on claim experience.

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

16 1. For active employees and their dependents, the ~~Office's~~
17 Authority's premium determination shall be made no later than the
18 bid submission date for health maintenance organizations set by the
19 ~~Oklahoma State Employees Benefits Council~~ Oklahoma Employees
20 Insurance and Benefits Board, which shall be set in August no later
21 than the third Friday of that month; and

22 2. For all other covered members and dependents, the ~~Office's~~
23 Authority's and the health maintenance organizations' premium
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1 determinations shall be no later than the fourth Friday of
2 September.

3 C. The Office may approve a mid-year adjustment requested by
4 the Authority provided the need for an adjustment is substantiated
5 by an actuarial determination or more current experience rating.
6 The only publication or notice requirements that shall apply to the
7 Schedule of Benefits shall be those requirements provided in the
8 Oklahoma Open Meeting Act and within this section. It is the intent
9 of the Legislature that the benefits provided not include cosmetic
10 dental procedures except for certain orthodontic procedures as
11 adopted by the ~~Director~~ Chief Executive Officer of the Authority.

12 SECTION 6. AMENDATORY 74 O.S. 2021, Section 1371, is
13 amended to read as follows:

14 Section 1371. A. All participants must purchase at least the
15 basic plan unless, to the extent that it is consistent with federal
16 law, the participant is a person who has retired from a branch of
17 the United States military and has been provided with health
18 coverage through a federal plan and that participant provides proof
19 of that coverage, or the participant has opted out of the state's
20 basic plan according to the provisions in Section 1308.3 of this
21 title. On or before January 1 of the plan year beginning July 1,
22 2001, and July 1 of any plan year beginning after January 1, 2002,
23 the Oklahoma Employees Insurance and Benefits Board shall design the
24 basic plan for the next plan year to ensure that the basic plan

1 provides adequate coverage to all participants. All benefit plans,
2 whether offered by the ~~State and Education Employees Group Insurance~~
3 Board, a health maintenance organization (HMO) or other vendors,
4 shall meet the minimum requirements set by the Board for the basic
5 plan.

6 B. The Board shall offer health, disability, life and dental
7 coverage to all participants and their dependents. For health,
8 dental, disability and life coverage, the Board shall offer plans at
9 the basic benefit level established by the Board, and in addition,
10 may offer benefit plans that provide an enhanced level of benefits.
11 The Board shall be responsible for determining the plan design and
12 the benefit price for the plans that ~~they offer~~ it offers.

13 Effective for the plan year beginning January 1, 2017, and for each
14 plan year thereafter, in setting health insurance premiums for
15 active employees and for retirees under sixty-five (65) years of
16 age, the Board shall set the monthly premium for active employees to
17 be equal to the monthly premium for retirees under sixty-five (65)
18 years of age; except that the Board may offer retirees under sixty-
19 five (65) years of age the opportunity to voluntarily enroll in an
20 alternative plan of insurance at a rate that is between One Hundred
21 Dollars (\$100.00) less than the monthly premium for active employees
22 and up to One Hundred Dollars (\$100.00) more than the monthly
23 premium for active employees. Retirees under the age of sixty-five
24 (65) who enroll in an alternative plan of insurance shall retain the

1 right to enroll in any other health insurance plan offered by the
2 Board for which they might be qualified during a subsequent open
3 enrollment period.

4 Nothing in this subsection shall be construed as prohibiting the
5 Board from offering additional medical plans, provided that any
6 medical plan offered to participants shall meet or exceed the
7 benefits provided in the medical portion of the basic plan.

8 C. In lieu of electing any of the preceding medical benefit
9 plans, a participant may elect medical coverage by any health
10 maintenance organization made available to participants by the
11 Board. The benefit price of any health maintenance organization
12 shall be determined on a competitive bid basis. Contracts for ~~said~~
13 such plans shall not be subject to the provisions of ~~The~~ the
14 Oklahoma Central Purchasing Act. The Board shall promulgate rules
15 establishing appropriate competitive bidding criteria and procedures
16 for contracts awarded for flexible benefits plans. ~~All plans~~
17 ~~offered by health maintenance organizations meeting the bid~~
18 ~~requirements as determined by the Board shall be accepted.~~ The
19 Board shall have the authority to reject the bid or restrict
20 enrollment in any health maintenance organization for which the
21 Board determines the benefit price to be excessive. The Board shall
22 have the authority to reject any plan that does not meet the bid
23 requirements. All bidders shall submit along with their bid a
24 notarized, sworn statement as provided by Section 85.22 of this

1 title. Effective for the plan year beginning January 1, 2007, and
2 for each plan year thereafter, in setting health insurance premiums
3 for active employees and for retirees under sixty-five (65) years of
4 age, HMOs, self-insured organizations and prepaid plans shall set
5 the monthly premium for active employees to be equal to the monthly
6 premium for retirees under sixty-five (65) years of age.

7 D. Nothing in this section shall be construed as prohibiting
8 the Board from offering additional qualified benefit plans or
9 currently taxable benefit plans.

10 E. Each employee of a participating employer who meets the
11 eligibility requirements for participation in the flexible benefits
12 plan shall make an annual election of benefits under the plan during
13 an enrollment period to be held prior to the beginning of each plan
14 year. The enrollment period dates will be determined annually and
15 will be announced by the Board, ~~providing;~~ provided, the enrollment
16 period shall end no later than thirty (30) days before the beginning
17 of the plan year.

18 Each such employee shall make an irrevocable advance election
19 for the plan year or the remainder thereof pursuant to such
20 procedures as the Board shall prescribe. Any such employee who
21 fails to make a proper election under the plan shall, nevertheless,
22 be a participant in the plan and shall be deemed to have purchased
23 the default benefits described in this section.

1 F. The Board shall prescribe the forms that participants will
2 be required to use in making their elections, and may prescribe
3 deadlines and other procedures for filing the elections.

4 G. Any participant who, in the first year for which he or she
5 is eligible to participate in the plan, fails to make a proper
6 election under the plan in conformance with the procedures set forth
7 in this section or as prescribed by the Board shall be deemed
8 automatically to have purchased the default benefits. The default
9 benefits shall be the same as the basic plan benefits. Any
10 participant who, after having participated in the plan during the
11 previous plan year, fails to make a proper election under the plan
12 in conformance with the procedures set forth in this section or
13 prescribed by the Board, shall be deemed automatically to have
14 purchased the same benefits which the participant purchased in the
15 immediately preceding plan year, except that the participant shall
16 not be deemed to have elected coverage under the health care
17 reimbursement account plan or the dependent care reimbursement
18 account plan.

19 H. Benefit plan contracts with the Board, health maintenance
20 organizations, and other ~~third-party~~ third-party insurance vendors
21 shall provide for a risk adjustment factor for adverse selection
22 that may occur, as determined by the Board, based on generally
23 accepted actuarial principles.

1 I. 1. For the plan year ending December 31, 2004, employees
2 covered or eligible to be covered under the State and Education
3 Employees Group Insurance Act and the State Employees Flexible
4 Benefits Act who are enrolled in a health maintenance organization
5 offering a network in Oklahoma City, shall have the option of
6 continuing care with a primary care physician for the remainder of
7 the plan year if:

8 a. that primary care physician was part of a provider
9 group that was offered to the individual at enrollment
10 and later removed from the network of the health
11 maintenance organization, for reasons other than for
12 cause, and

13 b. the individual submits a request in writing to the
14 health maintenance organization to continue to have
15 access to the primary care physician.

16 2. The primary care physician selected by the individual shall
17 be required to accept reimbursement for such health care services on
18 a fee-for-service basis only. The fee-for-service shall be computed
19 by the health maintenance organization based on the average of the
20 other fee-for-service contracts of the health maintenance
21 organization in the local community. The individual shall only be
22 required to pay the primary care physician those co-payments,
23 coinsurance and any applicable deductibles in accordance with the
24 terms of the agreement between the employer and the health

1 maintenance organization and the provider shall not balance bill the
2 patient.

3 3. Any network offered in Oklahoma City that is terminated
4 prior to July 1, 2004, shall notify the health maintenance
5 organization, and Oklahoma Employees Insurance and Benefits Board by
6 June 11, 2004, of the network's intentions to continue providing
7 primary care services as described in paragraph 2 of this subsection
8 offered by the health maintenance organization to state and public
9 employees.

10 SECTION 7. This act shall become effective July 1, 2024.

11 SECTION 8. It being immediately necessary for the preservation
12 of the public peace, health or safety, an emergency is hereby
13 declared to exist, by reason whereof this act shall take effect and
14 be in full force from and after its passage and approval.

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16 COMMITTEE REPORT BY: COMMITTEE ON GENERAL GOVERNMENT, dated
17 04/09/2024 - DO PASS.

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