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April 2, 2024

ENGROSSED HOUSE
BILL NO. 3586

By: Strom of the House

and

Garvin of the Senate

An Act relating to state employee health insurance; amending 70 O.S. 2021, Section 14-108.1, which relates to health insurance plan for employees; modifying references to entity names; amending 70 O.S. 2021, Section 26-104, which relates to funding to provide flexible benefit allowance; modifying references to entity names; amending 70 O.S. 2021, Section 26-105, which relates to use of flexible benefit allowance; modifying references to entity names; amending 74 O.S. 2021, Section 85.58A, which relates to establishment of comprehensive professional risk management program; modifying references to entity names; amending 74 O.S. 2021, Section 1316.2, which relates to continuance of health and dental insurance benefits; modifying citations; amending 74 O.S. 2021, Section 1321, which relates to determination of rates and benefits; modifying references to entity names; amending 74 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,

1 and 1384, which relate to the Wellness Program Act;
2 and providing an effective date.
3

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

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

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

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

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

1 ~~Employees Group Insurance~~ Oklahoma Employees Insurance and Benefits
2 Act is prohibited from acquiring additional or supplemental health
3 or dental insurance for any board member, superintendent or any
4 other employee which is not available to all employees of said
5 district, and said technology center school district shall not pay a
6 greater portion of the employee or dependent premium for any health
7 or dental insurance plan or plans provided by said technology center
8 school district on behalf of any board member, superintendent or
9 employee than that portion paid on behalf of all participating
10 employees of said district.

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

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

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

18 E. A carrier providing health insurance coverage for employees
19 of a technology center school district health insurance group which
20 replaces a previous carrier for such technology center school
21 district employees shall provide coverage for each retired employee
22 who is receiving a benefit or terminates employment with a vested
23 benefit from the Teachers' Retirement System of Oklahoma and who is
24 enrolled in the health insurance group by the previous carrier at

1 the time the previous carrier providing health insurance coverage is
2 replaced. Notwithstanding any provision in this section to the
3 contrary, any person who retires pursuant to the provisions of the
4 Teachers' Retirement System of Oklahoma prior to May 1, 1993, or
5 terminates service with a vested benefit, pursuant to the provisions
6 of the Teachers' Retirement System of Oklahoma prior to May 1, 1993,
7 may continue to participate in the health and dental plans
8 authorized by the provisions of the ~~State and Education Employees~~
9 ~~Group Insurance~~ Oklahoma Employees Insurance and Benefits Act.

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

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

1 Section 26-104. A. Each fiscal year, the Legislature shall
2 appropriate adequate funding to the State Board of Education and the
3 State Board of Career and Technology Education for the purpose of
4 providing a flexible benefit allowance to school district employees
5 pursuant to this act. Unless the Legislature appropriates adequate
6 funding specifically for the purpose of providing a flexible benefit
7 allowance to school district employees, the Oklahoma State Board of
8 Education shall allocate from the funds appropriated to the Oklahoma
9 State Board of Education for the support of public school activities
10 an amount to fully fund the flexible benefit allowance, which shall
11 occur first prior to allocating the funds for any other purpose.
12 The amount appropriated for funding and disbursed to school
13 districts shall be calculated by multiplying the number of eligible
14 school district employees employed by school districts which are
15 participating in the health insurance plan offered by the ~~State and~~
16 ~~Education Employees Group Insurance~~ Oklahoma Employees Insurance and
17 Benefits Board or are self-insured as counted in February of each
18 year by the amount of the flexible benefit allowance credited to the
19 eligible school employees as established in Section 26-105 of this
20 title. Each Board shall disburse the total amount appropriated for
21 funding the flexible benefit allowance to school districts during
22 the fiscal year. From the total amount appropriated, each Board
23 shall disburse the appropriate amounts, based on the number of
24

1 eligible school district employees employed by that school district,
2 to each school district.

3 B. Every school district shall establish or make available to
4 school district employees a cafeteria plan pursuant to 26 U.S.C.
5 Section 125 of the United States Code. The plan shall offer, as a
6 benefit, major medical health care plan coverage.

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

16 D. The administrator of the cafeteria plan shall maintain a
17 separate account for each participating school district employee.
18 School districts shall forward the school district employee flexible
19 benefit allowance amounts to the administrator for elected purchases
20 of cafeteria plan benefits.

21 E. Expenses included in an employee's salary adjustment
22 agreement pursuant to the cafeteria plan shall be limited to
23 expenses for:
24

1 1. Premiums for any health insurance, health maintenance
2 organization, life insurance, long term disability insurance, dental
3 insurance or high deductible health benefit plan offered to
4 employees and their dependents; and

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

7 F. The flexible benefit allowance amount established in Section
8 26-105 of this title shall not be included as income in computation
9 of state retirement contributions and benefits or as part of the
10 Minimum Salary Schedule for teachers established in Section 18-
11 114.12 of this title. School districts shall not consider the
12 flexible benefit allowance amount as income for eligible support
13 employees and thereby shall not reduce the salary of an eligible
14 support employee.

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

17 Section 26-105. A. The flexible benefit allowance shall be
18 used by a school district employee who is participating in the
19 cafeteria plan to purchase major medical health care plan coverage
20 offered by the school district through a cafeteria plan. Any excess
21 flexible benefit allowance over the cost of the major medical
22 coverage purchased by the employee who is participating in the
23 cafeteria plan may be used to purchase any of the additional
24 benefits offered by the school district or may be taken as taxable

1 compensation as provided in subsection C of this section. Certified
2 personnel who choose not to participate in the school-district-
3 sponsored cafeteria plan shall receive Sixty-nine Dollars and
4 seventy-one cents (\$69.71) per month as taxable compensation in lieu
5 of the flexible benefit allowance amount provided in subsection B of
6 this section. Support personnel who choose not to participate in
7 the school-district-sponsored cafeteria plan shall receive One
8 Hundred Eighty-nine Dollars and sixty-nine cents (\$189.69) per month
9 as taxable compensation in lieu of the flexible benefit allowance
10 amount provided in subsection B of this section.

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

17 1. For the fiscal year ending June 30, 2002, the flexible
18 benefit allowance amount for certified personnel shall be no less
19 than Sixty-nine Dollars and seventy-one cents (\$69.71) per month.
20 For the fiscal year ending June 30, 2002, the flexible benefit
21 allowance amount for support personnel shall be no less than One
22 Hundred Eighty-nine Dollars and sixty-nine cents (\$189.69) per
23 month.
24

1 2. For the fiscal year ending June 30, 2004, the flexible
2 benefit allowance amount for certified personnel shall be no less
3 than fifty-eight percent (58%) of the premium amount for the
4 HealthChoice (Hi) option plan for an individual offered by the ~~State~~
5 ~~and Education Employees Group Insurance~~ Oklahoma Employees Insurance
6 and Benefits Board. For the fiscal year ending June 30, 2003, and
7 each fiscal year thereafter, the flexible benefit allowance amount
8 for support personnel shall be no less than one hundred percent
9 (100%) of the premium amount for the HealthChoice (Hi) option plan
10 for an individual offered by the ~~State and Education Employees Group~~
11 ~~Insurance~~ Oklahoma Employees Insurance and Benefits Board.

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

18 C. If a school district employee who is participating in the
19 cafeteria plan elects benefits whose sum total is less than the
20 flexible benefit allowance, the employee shall receive any excess
21 flexible benefit allowance as taxable compensation. Such taxable
22 compensation shall be paid in substantially equal amounts each pay
23 period over the plan year. Except as otherwise provided for in
24 subsection D of this section, on termination during a plan year, a

1 participating school district employee shall have no right to
2 receive any taxable cash compensation allocated to the portion of
3 the plan year after the termination of the employee.

4 D. In cases where the employee of a school district fulfills
5 the terms of their contract and terminates employment for the
6 subsequent year, the employee shall be entitled to the flexible
7 benefit allowance for the remainder of the current benefit term.
8 For purposes of this subsection, "benefit term" shall mean the
9 twelve-month period after the initiation of benefits for the
10 position held by the employee.

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

20 F. The school district shall prescribe the forms that school
21 district employees shall be required to use in making their
22 elections, and may prescribe deadlines and other procedures for
23 filing the elections.

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

4 H. A district board of education shall have the option of
5 providing a flexible benefit allowance to the superintendent of the
6 school district in an amount not more than the amount of the
7 flexible benefit allowance established for certified personnel in
8 subsection B of this section. Funding for the flexible benefit
9 allowance for a superintendent shall be provided through local
10 revenue.

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

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

18 1. Identify and evaluate risks of loss and exposures to loss to
19 officers, employees and properties;

20 2. Minimize risks through loss-prevention and loss-control
21 programs;

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

1 4. Consolidate and administer risk management plans and
2 programs including self-insurance programs, except State Employees
3 Group Insurance;

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

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

10 7. When requested by a state retirement system or the ~~State and~~
11 ~~Education Employees Group Insurance~~ Oklahoma Employees Insurance and
12 Benefits Board, assist in obtaining insurance authorized by law. If
13 requested by the Oklahoma State Regents for Higher Education, assist
14 trust funds for which the State Regents serve as trustees in
15 obtaining insurance authorized by law;

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

20 9. When requested by a public trust established pursuant to
21 Title 60 of the Oklahoma Statutes of which the State of Oklahoma is
22 the beneficiary, obtain, provide or assist the public trust in
23 obtaining insurance authorized by law or trust indenture covering
24 any board member, trustee, official, officer, employee or volunteer

1 for errors and omissions or liability risks arising from the
2 performance of official duties pursuant to law or trust indenture;

3 10. When requested by the Oklahoma State Regents for Higher
4 Education, for the purpose of insuring real property required
5 pursuant to Section 4018 of Title 70 of the Oklahoma Statutes, of
6 which the Oklahoma State Regents for Higher Education is the
7 beneficiary, obtain, provide or assist the Oklahoma State Regents
8 for Higher Education in obtaining insurance for the real property
9 pursuant to the provisions of this section; and

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

14 B. The Director of the Office of Management and Enterprise
15 Services may hire or contract for the services of a Risk Management
16 Administrator to supervise the Comprehensive Professional Risk
17 Management Program established pursuant to this section. If
18 appointed by the Director as a state employee, the Risk Management
19 Administrator shall be in the unclassified service.

20 C. The Risk Management Administrator shall evaluate insurance
21 coverage needs and in force for state agencies, whether or not
22 subject to the Oklahoma Central Purchasing Act, and other entities
23 as provided by law. All entities shall submit to the Risk
24

1 Management Administrator all information which the Risk Management
2 Administrator deems necessary to perform this duty.

3 D. The Risk Management Administrator in conjunction with the
4 State Purchasing Director under the authority of the Director of the
5 Office of Management and Enterprise Services may negotiate insurance
6 coverage and insurance-related services including, but not limited
7 to, insurance brokerage and consulting services. The State
8 Purchasing Director shall ensure open processes for solicitation and
9 qualification of insurance coverage and services providers. The
10 State Purchasing Director shall award contracts for insurance
11 coverage and services to the provider or providers which offer the
12 best and final terms and conditions. The State Purchasing Director
13 may authorize the Risk Management Administrator to bind for
14 insurance coverage with providers.

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

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

23

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

4 H. 1. a. Any community action agency established pursuant to
5 Sections 5035 through 5040 of this title may
6 participate in the comprehensive professional risk
7 management program established pursuant to this
8 section for risks incurred as a result of operating a
9 Head Start program or providing transportation
10 services to the public. The Risk Management
11 Administrator shall obtain or provide for insurance
12 coverage for such community action agencies or bonding
13 for employees of such community action agencies. Any
14 liability insurance coverage obtained or provided
15 shall include expenses for administrative and legal
16 services obtained or provided by the Risk Management
17 Administrator.

18 b. The Risk Management Administrator shall determine
19 criteria for participation in the risk management
20 program by such community action agencies. In
21 addition, the Risk Management Administrator may
22 require each such community action agency to:
23 (1) provide adequate qualified personnel and suitable
24 facilities and equipment for operating a Head

1 Start program or providing transportation
2 services to the public, and

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

5 2. To receive coverage pursuant to this section, a community
6 action agency shall make payments for any insurance coverage and
7 shall otherwise comply with the provisions of this section and rules
8 promulgated by the Office pursuant to the provisions of this
9 section.

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

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

1 beneficiary, or any director, officer, employee or member thereof
2 including, but not limited to, any immunities under the Eleventh
3 Amendment to the Constitution of the United States, state sovereign
4 immunity, and any absolute or qualified immunity held by any
5 director, officer, employee or member.

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

8 Section 1316.2 A. Any employee, other than an education
9 employee, who retires pursuant to the provisions of the Oklahoma
10 Public Employees Retirement System or who has a vested benefit
11 pursuant to the provisions of the Oklahoma Public Employees
12 Retirement System may continue in force the health and dental
13 insurance benefits authorized by the provisions of the Oklahoma
14 Employees Insurance and Benefits Act, or other employer insurance
15 benefits if the employer does not participate in the plans offered
16 by the Office of Management and Enterprise Services, if such
17 election to continue in force is made within thirty (30) days from
18 the date of termination of service. Except as otherwise provided
19 for in ~~Section 840-2.27I of this title and~~ subsection H of this
20 section, health and dental insurance coverage may not be reinstated
21 at a later time if the election to continue in force is declined.
22 Vested employees other than education employees who have terminated
23 service and are not receiving benefits and effective July 1, 1996,
24 nonvested persons who have terminated service with more than eight

1 (8) years of participating service with a participating employer,
2 who within thirty (30) days from the date of termination of service
3 elect to continue such coverage, shall pay the full cost of the
4 insurance premium at the rate and pursuant to the terms and
5 conditions established by the Office. Provided also, any employee
6 other than an education employee who commences employment with a
7 participating employer on or after September 1, 1991, who terminates
8 service with such employer on or after July 1, 1996, but who
9 otherwise has insufficient years of service to retire or terminate
10 service with a vested benefit pursuant to the provisions of the
11 Oklahoma Public Employees Retirement System or to elect to continue
12 coverage as a nonvested employee as provided in this section, but
13 who, immediately prior to employment with the participating
14 employer, was covered as a dependent on the health and dental
15 insurance policy of a spouse who was an active employee other than
16 an education employee, may count as part of his or her credited
17 service for the purpose of determining eligibility to elect to
18 continue coverage under this section, the time during which the
19 terminating employee was covered as such a dependent.

20 B. 1. Health insurance benefit plans offered pursuant to this
21 section shall include:

- 22 a. indemnity plans offered through the Office,
- 23 b. managed care plans offered as alternatives to the
- 24 indemnity plans offered through the Office,

1 c. Medicare supplements offered pursuant to the Oklahoma
2 Employees Insurance and Benefits Act,

3 d. Medicare risk-sharing contracts offered as
4 alternatives to the Medicare supplements offered
5 through the Office. All Medicare risk-sharing
6 contracts shall be subject to a risk adjustment
7 factor, based on generally accepted actuarial
8 principles for adverse selection which may occur, and

9 e. for the Oklahoma Public Employees Retirement System,
10 other employer-provided health insurance benefit plans
11 if the employer does not participate in the plans
12 offered pursuant to the Oklahoma Employees Insurance
13 and Benefits Act.

14 2. Health insurance benefit plans offered pursuant to this
15 section shall provide prescription drug benefits, except for plans
16 designed pursuant to the Medicare Prescription Drug Improvement and
17 Modernization Act ~~of 2003~~, pursuant to 42 USCA Section 1395w-101, et
18 seq., for which provision of prescription drug benefits is optional,
19 and except for plans offered pursuant to subparagraph e of paragraph
20 1 of this subsection.

21 C. 1. Designated public retirement systems shall contribute a
22 monthly amount towards the health insurance premium of certain
23 individuals receiving benefits from the public retirement system as
24 follows:

- 1 a. a retired employee, other than an education employee
2 or an employee who participates in the defined
3 contribution system administered by the Oklahoma
4 Public Employees Retirement System on or after
5 November 1, 2015, who is receiving benefits from the
6 Oklahoma Public Employees Retirement System after
7 September 30, 1988, shall have One Hundred Five
8 Dollars (\$105.00), or the premium rate of the health
9 insurance benefit plan, whichever is less, paid by the
10 Oklahoma Public Employees Retirement System to the
11 Board or to another insurance carrier or other
12 qualified benefits administrator of the employer if
13 the employer does not participate in the plans offered
14 by the Office in the manner specified in subsection G
15 of this section,
- 16 b. a retired employee or surviving spouse other than an
17 education employee who is receiving benefits from the
18 Oklahoma Law Enforcement Retirement System after
19 September 30, 1988, is under sixty-five (65) years of
20 age and is not otherwise eligible for Medicare shall
21 have the premium rate for the health insurance benefit
22 plan or One Hundred Five Dollars (\$105.00), whichever
23 is less, paid by the Oklahoma Law Enforcement
24

1 Retirement System to the Office in the manner
2 specified in subsection G of this section,

- 3 c. a retired employee other than an education employee
4 who is receiving benefits from the Oklahoma Law
5 Enforcement Retirement System after September 30,
6 1988, is sixty-five (65) years of age or older or who
7 is under sixty-five (65) years of age and is eligible
8 for Medicare shall have One Hundred Five Dollars
9 (\$105.00), or the premium rate of the health insurance
10 benefit plan, whichever is less, paid by the Oklahoma
11 Law Enforcement Retirement System to the Office in the
12 manner specified in subsection G of this section, and
13 d. a retired employee other than an education employee
14 who is receiving benefits from the Uniform Retirement
15 System for Justices and Judges after September 30,
16 1988, shall have One Hundred Five Dollars (\$105.00),
17 or the premium rate of the health insurance plan,
18 whichever is less, paid by the Uniform Retirement
19 System for Justices and Judges to the Office in the
20 manner specified in subsection G of this section.

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

- 23 a. the health plan shall be authorized by the provisions
24 of the Oklahoma Employees Insurance and Benefits Act,

1 except that if an employer from which an employee
2 retired or with a vested benefit pursuant to the
3 provisions of the Oklahoma Public Employees Retirement
4 System does not participate in the plans authorized by
5 the provisions of the Oklahoma Employees Insurance and
6 Benefits Act, the health plan will be the health
7 insurance benefits of the employer from which the
8 individual retired or vested,

9 b. for plans offered by the Oklahoma Employees Insurance
10 and Benefits Act, the amount to be paid shall be
11 determined pursuant to the provisions of this
12 subsection and shall first be applied in whole or in
13 part to the prescription drug coverage premium. Any
14 remaining amount shall be applied toward the medical
15 coverage premium,

16 c. for all plans, if the amount paid by the public
17 retirement system does not cover the full cost of the
18 elected coverage, the individual shall pay the
19 remaining premium amount, and

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

22 D. For any member of the Oklahoma Law Enforcement Retirement
23 System killed in the line of duty, whether the member was killed in
24 the line of duty prior to May 18, 2005, or on or after May 18, 2005,

1 or if the member was on a disability leave status at the time of
2 death, the surviving spouse or dependents of such deceased member of
3 the Oklahoma Law Enforcement Retirement System may elect to continue
4 or commence health and dental insurance benefits, provided the
5 dependents pay the full cost of such insurance, and for deaths
6 occurring on or after July 1, 2002, such election is made within
7 thirty (30) days of the date of death. The eligibility for the
8 benefits shall terminate for the surviving children when the
9 children cease to qualify as dependents.

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

23 F. Dependents of a deceased employee who was on active work
24 status or on a disability leave at the time of death or of a

1 participating retardant or of any person who has elected to receive
2 a vested benefit under the Oklahoma Public Employees Retirement
3 System, the Uniform Retirement System for Justices and Judges or the
4 Oklahoma Law Enforcement Retirement System may continue the health
5 and dental insurance benefits in force, provided the dependents pay
6 the full cost of such insurance and they were covered as eligible
7 dependents at the time of such death and such election is made
8 within thirty (30) days of date of death. The eligibility for the
9 benefits shall terminate for the surviving children when the
10 children cease to qualify as dependents.

11 G. The amounts required to be paid by the Oklahoma Public
12 Employees Retirement System, the Uniform Retirement System for
13 Justices and Judges and the Oklahoma Law Enforcement Retirement
14 System pursuant to this section shall be forwarded no later than the
15 tenth day of each month following the month for which payment is due
16 by the Oklahoma Public Employees Retirement System Board of Trustees
17 or the Oklahoma Law Enforcement Retirement Board to the Office for
18 deposit in the Health, Dental and Life Insurance Reserve Fund or to
19 another insurance carrier or other administrator of qualified
20 benefits of the employer as provided for in subsection H of Section
21 1315 of this title.

22 H. Upon retirement from employment of the Board of Regents of
23 the University of Oklahoma, any person who was or is employed at the
24 George Nigh Rehabilitation Institute and who transferred employment

1 pursuant to Section 3427 of Title 70 of the Oklahoma Statutes, any
2 person who was employed at the Medical Technology and Research
3 Authority and who transferred employment pursuant to Section 7068 of
4 this title and any person who is a member of the Oklahoma Law
5 Enforcement Retirement System pursuant to the authority of Section
6 2-314 of Title 47 of the Oklahoma Statutes may participate in the
7 benefits authorized by the provisions of the Oklahoma Employees
8 Insurance and Benefits Act for retired participants including
9 health, dental and life insurance benefits, if such election to
10 participate is made within thirty (30) days from the date of
11 termination of service. Life insurance benefits for any such person
12 who transferred employment shall not exceed the coverage the person
13 had at the time of such transfer. Retirees who transferred
14 employment and who participate pursuant to this paragraph shall pay
15 the premium for elected benefits less any amounts paid by a state
16 retirement system pursuant to this section.

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

19 Section 1321. A. The Office of Management and Enterprise
20 Services shall have the authority to determine all rates and life,
21 dental and health benefits. All rates shall be compiled in a
22 comprehensive Schedule of Benefits. The Schedule of Benefits shall
23 be available for inspection during regular business hours at the
24 Office of Management and Enterprise Services. The Office shall have

1 the authority to annually adjust the rates and benefits based on
2 claim experience.

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

5 1. For active employees and their dependents, the Office's
6 premium determination shall be made no later than the bid submission
7 date for health maintenance organizations set by the ~~Oklahoma State~~
8 ~~Employees Benefits Council~~ Oklahoma Employees Insurance and Benefits
9 Board, which shall be set in August no later than the third Friday
10 of that month; and

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

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

22 SECTION 7. AMENDATORY 74 O.S. 2021, Section 1332, is
23 amended to read as follows:
24

1 Section 1332. A. ~~The State and Education Employees Group~~
2 ~~Insurance~~ Oklahoma Employees Insurance and Benefits Board shall
3 establish a Disability Insurance Program for state employees. The
4 program shall consist of a long-term disability plan and a short-
5 term disability plan. Participation in the program shall be limited
6 to state employees who have been state employees for a period of not
7 less than one (1) month and who are eligible for enrollment in the
8 Health Insurance Plan administered by the Board. No state employee
9 shall be eligible to receive any benefits from the long-term
10 disability program unless the state employee has used all of the
11 sick leave of the employee. The Board shall promulgate such rules
12 as are necessary for adoption and administration of the Disability
13 Insurance Program, including but not limited to benefit eligibility
14 requirements, methods for computing benefit amounts, benefits
15 amounts, and verification of medical and health status of employees
16 applying for or receiving benefits.

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

20 C. Employee disability insurance coverage shall begin on March
21 1, 1986.

22 D. The Board shall establish a grievance procedure by which a
23 three-member grievance panel established in the same manner as
24 specified in ~~paragraph 6 of Section 1306~~ Section 1304.1 of this

1 title shall act as an appeals body for complaints regarding the
2 allowance and payment of claims, eligibility, and other matters.
3 The grievance procedure provided by this subsection shall be the
4 exclusive remedy available to persons having complaints against the
5 insurer. Such grievance procedure shall be subject to the Oklahoma
6 Administrative Procedures Act, including provisions for the review
7 of agency decisions by the district court. The grievance panel
8 shall schedule a hearing regarding the allowance and payment of
9 claims, eligibility and other matters within sixty (60) days from
10 the date the grievance panel receives a written request for a
11 hearing. Upon written request to the grievance panel received not
12 less than ten (10) days before the hearing date, the grievance panel
13 shall cause a full stenographic record of the proceedings to be made
14 by a licensed or certified court reporter at the insured employee's
15 expense.

16 E. The Board may establish a claim processing division for
17 claims administration or may contract for claims administration
18 services with a private insurance carrier or a company that
19 specializes in claims administration of any insurance that the Board
20 may be directed to offer.

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

23 Section 1332.1 A. ~~The State and Education Employees Group~~
24 ~~Insurance~~ The Oklahoma Employees Insurance and Benefits Board shall

1 collect from state agencies each month, the premium amount, as
2 determined by the Board, for each employee of a state agency that
3 participates in the Disability Insurance Program. Said sum shall be
4 deposited in the State Employees Disability Insurance Reserve Fund
5 for use in accordance with law.

6 B. ~~The State and Education Employees Group Insurance~~ Oklahoma
7 Employees Insurance and Benefits Board shall submit a monthly
8 statement of the revenues and disbursements of the Disability
9 Insurance Program to the Governor, the Speaker of the House of
10 Representatives, the President Pro Tempore of the Senate and the
11 Legislative Service Bureau. The Legislative Service Bureau shall
12 distribute copies of such monthly statements to the fiscal staff of
13 the House of Representatives and the State Senate.

14 C. On or before March 1 of each year, the ~~State and Education~~
15 ~~Employees Group Insurance~~ Oklahoma Employees Insurance and Benefits
16 Board shall submit a report of the actuarially-determined future
17 needs of the Disability Insurance Program. Said report shall be
18 submitted and distributed as provided for in subsection B of this
19 section.

20 D. The Board shall provide for the continuation of dependent
21 health coverage to disability recipients for that period of time
22 when the employee is qualified as disabled but not yet received
23 disability benefit income.
24

1 E. The Board shall deduct all dependent health coverage
2 premiums due and owing from the first retroactive disability payment
3 and each payment thereafter.

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

6 Section 1346. There is hereby created in the State Treasury a
7 revolving fund for the ~~State and Education Employees Group Insurance~~
8 Oklahoma Employees Insurance and Benefits Board to be designated the
9 "Flexible Benefit Revolving Fund". The fund shall be a continuing
10 fund, not subject to fiscal year limitations, and shall consist of
11 employee payroll deductions and contributions for flexible spending
12 accounts. All monies accruing to the credit of said fund are hereby
13 appropriated and may be budgeted and expended by the ~~State and~~
14 ~~Education Employees Group Insurance~~ Oklahoma Employees Insurance and
15 Benefits Board for expenses of the state employees flexible benefits
16 plan and for expenses authorized by law. The ~~State and Education~~
17 ~~Employees Group Insurance~~ Oklahoma Employees Insurance and Benefits
18 Board is authorized to pay employee claim costs associated with the
19 state employees flexible benefits plan from monies accrued for said
20 purpose. Expenditures from said funds shall be pursuant to the laws
21 of the state and statutes relating to the state employees flexible
22 benefits plan.

23 SECTION 10. AMENDATORY 74 O.S. 2021, Section 1370, is
24 amended to read as follows:

1 Section 1370. A. Subject to the requirement that a participant
2 must elect the default benefits, the basic plan, or is a person who
3 has retired from a branch of the United States military and has been
4 provided with health care through a federal plan, to the extent that
5 it is consistent with federal law, or is an active employee who is
6 eligible to participate and who is a participant who has opted out
7 of the state's basic plan according to the provisions of Section
8 1308.3 of this title, and provides proof of this coverage, flexible
9 benefit dollars may be used to purchase any of the benefits offered
10 by the ~~Oklahoma State Employees Benefits Council~~ Oklahoma Employees
11 Insurance and Benefits Board under the flexible benefits plan. A
12 participant who has opted out of the state's basic plan and provided
13 proof of other coverage as described in this subsection shall
14 receive One Hundred Fifty Dollars (\$150.00) in lieu of the flexible
15 benefit monthly. A participant's flexible benefit dollars for a
16 plan year shall consist of the sum of (1) flexible benefit allowance
17 credited to a participant by the participating employer, and (2) pay
18 conversion dollars elected by a participant.

19 B. Each participant shall be credited annually with a specified
20 amount as a flexible benefit allowance which shall be available for
21 the purchase of benefits. For participants on a biweekly payroll
22 system the disbursement of the flexible benefit allowance shall be
23 credited over twenty-four pay periods resulting in two pay periods
24 that do not reflect a credit. The amount of the flexible benefit

1 allowance credited to each participant shall be communicated to him
2 or her prior to the enrollment period for each plan year.

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

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

18 2. The greater of the amount of benefit which the participant
19 would have qualified for as of plan year 2021 or an amount equal to
20 the monthly premium of the HealthChoice High Option plan, the
21 average monthly premiums of the dental plans, the monthly premium of
22 the disability plan, and the monthly premium of the basic life
23 insurance plan offered to state employees plus one of the additional
24

1 amounts as follows for participants who elect to include one or more
2 dependents:

- 3 a. for a spouse, seventy-five percent (75%) of the
4 HealthChoice High Option plan, available for coverage
5 of a spouse,
- 6 b. for one child, seventy-five percent (75%) of the
7 HealthChoice High Option plan, for coverage of one
8 child,
- 9 c. for two or more children, seventy-five percent (75%)
10 of the HealthChoice High Option plan, for coverage of
11 two or more children,
- 12 d. for a spouse and one child, seventy-five percent (75%)
13 of the HealthChoice High Option plan, for coverage of
14 a spouse and one child, or
- 15 e. for a spouse and two or more children, seventy-five
16 percent (75%) of the HealthChoice High Option plan,
17 for coverage of a spouse and two or more children;

18 3. For the plan year beginning January 1, 2022, the amount of a
19 participant's benefit allowance shall be increased by two percent
20 (2%) from the amount provided in the previous year;

21 4. For the plan year beginning January 1, 2023, the amount of a
22 participant's benefit allowance shall be increased by two percent
23 (2%) from the amount provided in the previous year; or
24

1 5. The greater of the amount of benefit which the participant
2 would have qualified for as of plan year 2023, 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 plus one of the additional
7 amounts as follows for participants who elect to include one or more
8 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 11. REPEALER 74 O.S. 2021, Section 1329.1, is
5 hereby repealed.

6 SECTION 12. REPEALER 74 O.S. 2021, Sections 1381, 1382,
7 1383, and 1384, are hereby repealed.

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

9 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT AND INSURANCE
10 April 2, 2024 - DO PASS
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