

1 STATE OF OKLAHOMA

2 1st Session of the 59th Legislature (2023)

3 HOUSE BILL 1407

By: Culver

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5
6 AS INTRODUCED

7 An Act relating to state employee benefits; amending
8 74 O.S. 2021, Section 1370, which relates to flexible
9 benefits allowance; modifying benefit allowance for
10 state employees; and providing an effective date.

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

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

15 Section 1370. A. Subject to the requirement that a participant
16 must elect the default benefits, the basic plan, or is a person who
17 has retired from a branch of the United States military and has been
18 provided with health care through a federal plan, to the extent that
19 it is consistent with federal law, or is an active employee who is
20 eligible to participate and who is a participant who has opted out
21 of the state's basic plan according to the provisions of Section
22 1308.3 of this title, and provides proof of this coverage, flexible
23 benefit dollars may be used to purchase any of the benefits offered
24 by the Oklahoma State Employees Benefits Council under the flexible

benefits plan. A participant who has opted out of the state's basic plan and provided proof of other coverage as described in this subsection shall receive One Hundred Fifty Dollars (\$150.00) in lieu of the flexible benefit monthly. A participant's flexible benefit dollars for a plan year shall consist of the sum of (1) flexible benefit allowance credited to a participant by the participating employer, and (2) pay conversion dollars elected by a participant.

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

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

1. The greater of the amount of benefit which the participant would have qualified for as of plan year 2021, or an amount equal to the monthly premium of the HealthChoice High Option plan, the

1 average monthly premiums of the dental plans, the monthly premium of
2 the disability plan, and the monthly premium of the basic life
3 insurance plan offered to state employees or the amount determined
4 by the Council based on a formula for determining a participant's
5 benefit credits consistent with the requirements of 26 U.S.C.,
6 Section 125(g)(2) and regulations thereunder;

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

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

d. for a spouse and one child, seventy-five percent (75%) of the HealthChoice High Option plan, for coverage of a spouse and one child, or

e. for a spouse and two or more children, seventy-five percent (75%) of the HealthChoice High Option plan, for coverage of a spouse and two or more children;

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

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

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

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

7. The greater of the amount of benefit which the participant would have qualified for as of plan year ~~2023~~ 2025, or an amount equal to the monthly premium of the HealthChoice High Option plan, the average monthly premiums of the dental plans, the monthly premium of the disability plan and the monthly premium of the basic life insurance plan offered to state employees plus one of the

1 additional amounts as follows for participants who elect to include
2 one or more 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 D. To the extent that it is consistent with federal laws and
19 regulations, and in particular the regulations set forth by the
20 Secretary of Defense in 32 C.F.R. Section 199.8(d)(6), a benefit may
21 be provided to an employee who is an eligible TRICARE beneficiary
22 whereby he or she may purchase a group TRICARE Supplemental product
23 under a qualifying cafeteria plan consistent with the requirements
24 of 26 U.S.C., Section 125, provided that:

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

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

5 3. The employee's participation in the plan is completely
6 voluntary.

7 The benefit allowance under paragraph 2 of subsection C of this
8 section of an employee whose plan participation includes a group
9 TRICARE Supplemental benefit shall not include any allowance or
10 portion thereof for such TRICARE Supplemental benefit.

11 E. This section shall not prohibit payments for supplemental
12 health insurance coverage made pursuant to Section 1314.4 of this
13 title or payments for the cost of providing health insurance
14 coverage for dependents of employees of the Grand River Dam
15 Authority.

16 F. If a participant desires to buy benefits whose sum total of
17 benefit prices is in excess of his or her flexible benefit
18 allowance, the participant may elect to use pay conversion dollars
19 to purchase such excess benefits. Pay conversion dollars may be
20 elected through a salary reduction agreement made pursuant to the
21 election procedures of Section 1371 of this title. The elected
22 amount shall be deducted from the participant's compensation in
23 equal amounts each pay period, with the exception of participants on
24 a biweekly payroll system, where such deduction shall occur over

1 twenty-four pay periods over the plan year. On termination of
2 employment during a plan year, a participant shall have no
3 obligation to pay the participating employer any pay conversion
4 dollars allocated to the portion of the plan year after the
5 participant's termination of employment.

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

21 SECTION 2. This act shall become effective November 1, 2023.

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23 59-1-5244 TJ 11/17/22
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