

1 STATE OF OKLAHOMA

2 2nd Session of the 60th Legislature (2026)

3 HOUSE BILL 3672

By: Provenzano

6 AS INTRODUCED

7 An Act relating to state employee benefits; amending  
8 74 O.S. 2021, Section 1370, as amended by Section 10,  
9 Chapter 245, O.S.L. 2024 (74 O.S. Supp. 2025, Section  
10 1370), which relates to flexible benefits allowance;  
11 modifying benefits allowance for state employees; and  
12 providing an effective date.

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

14 SECTION 1. AMENDATORY 74 O.S. 2021, Section 1370, as  
15 amended by Section 10, Chapter 245, O.S.L. 2024 (74 O.S. Supp. 2025,  
16 Section 1370), is amended to read as follows:

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

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

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

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

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1       1. The greater of the amount of benefit which the participant  
2 would have qualified for as of plan year 2021, 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 or the amount determined  
7 by the Council based on a formula for determining a participant's  
8 benefit credits consistent with the requirements of 26 U.S.C.,  
9 Section 125(g)(2) and regulations thereunder;

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

18           a. for a spouse, seventy-five percent (75%) of the  
19                   HealthChoice High Option plan, available for coverage  
20                   of a spouse,  
21           b. for one child, seventy-five percent (75%) of the  
22                   HealthChoice High Option plan, for coverage of one  
23                   child,

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

10       3. For the plan year beginning January 1, ~~2022~~ 2026, the amount  
11 of a participant's benefit allowance shall be increased by two  
12 percent (2%) from the amount provided in the previous year;

13       4. For the plan year beginning January 1, 2023 2027, the amount  
14 of a participant's benefit allowance shall be increased by two  
15 percent (2%) from the amount provided in the previous year and each  
16 subsequent year thereafter; or

17       5. The greater of the amount of benefit which the participant  
18 would have qualified for as of plan year 2023 2026, or an amount  
19 equal to the monthly premium of the HealthChoice High Option plan,  
20 the average monthly premiums of the dental plans, the monthly  
21 premium of the disability plan and the monthly premium of the basic  
22 life insurance plan offered to state employees plus one of the  
23 additional amounts as follows for participants who elect to include  
24 one or more dependents:

- a. for a spouse, seventy-five percent (75%) of the HealthChoice High Option plan, available for coverage of a spouse,
- b. for one child, seventy-five percent (75%) of the HealthChoice High Option plan, for coverage of one child,
- c. for two or more children, seventy-five percent (75%) of the HealthChoice High Option plan, for coverage of two or more children,
- d. for a spouse and one child, seventy-five percent (75%) of the HealthChoice High Option plan, for coverage of a spouse and one child, or
- e. for a spouse and two or more children, seventy-five percent (75%) of the HealthChoice High Option plan, for coverage of a spouse and two or more children.

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

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

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

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

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

14           F. If a participant desires to buy benefits whose sum total of  
15 benefit prices is in excess of his or her flexible benefit  
16 allowance, the participant may elect to use pay conversion dollars  
17 to purchase such excess benefits. Pay conversion dollars may be  
18 elected through a salary reduction agreement made pursuant to the  
19 election procedures of Section 1371 of this title. The elected  
20 amount shall be deducted from the participant's compensation in  
21 equal amounts each pay period, with the exception of participants on  
22 a biweekly payroll system, where such deduction shall occur over  
23 twenty-four pay periods over the plan year. On termination of  
24 employment during a plan year, a participant shall have no

1 obligation to pay the participating employer any pay conversion  
2 dollars allocated to the portion of the plan year after the  
3 participant's termination of employment.

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

19 SECTION 2. This act shall become effective November 1, 2026.  
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