

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

HOUSE BILL 3672

By: Provenzano

AS INTRODUCED

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

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

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

Section 1370. A. Subject to the requirement that a participant must elect the default benefits, the basic plan, or is a person who has retired from a branch of the United States military and has been provided with health care through a federal plan, to the extent that it is consistent with federal law, or is an active employee who is eligible to participate and who is a participant who has opted out of the state's basic plan according to the provisions of Section 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:

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;

3. For the plan year beginning January 1, ~~2022~~ 2026, 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~~ 2027, the amount of a participant's benefit allowance shall be increased by two percent (2%) from the amount provided in the previous year and each subsequent year thereafter; or

5. The greater of the amount of benefit which the participant would have qualified for as of plan year ~~2023~~ 2026, 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 additional amounts as follows for participants who elect to include 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.
20

21 60-2-15126 TJ 12/16/25
22
23
24