

STATE OF OKLAHOMA

1st Session of the 44th Legislature (1993)

HOUSE BILL NO. 1745

By: Hager

AS INTRODUCED

An Act relating to State and Education Employees

Group Insurance; amending 70 O.S. 1991, Section 5-117.5, which relates to education employees health insurance plans; requiring certain coverage by succeeding carriers; amending Sections 3 and 6, Chapter 400, O.S.L. 1992 (74 O.S. Supp. 1992, Sections 1363 and 1366), which relate to the Oklahoma State Employees Benefits Act; modifying certain definitions; modifying extent of certain plan; restricting benefits offered under certain plan; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 70 O.S. 1991, Section 5-117.5, is amended to read as follows:

Section 5-117.5 A. Beginning October 1, 1991, the board of education of each school district in this state shall provide a health insurance plan for the employees of the school district. School districts may obtain health and dental insurance coverage as provided for in the State and Education Employees Group Insurance Act or may obtain other health insurance coverage. Any school

district that does not participate in the health and dental insurance plans offered through the State and Education Employees Group Insurance Act by October 1, 1991, shall obtain health insurance coverage for the employees which provides open enrollment and, if the school district provides other health insurance coverage pursuant to the provisions of paragraph 1 of subsection B of Section 168 of Title 51 of the Oklahoma Statutes, shall provide for the continuation of health insurance coverage, including supplemental Medicare insurance coverage, for those district employees who retire from said district after September 30, 1991 with a vested benefit in the Teachers' Retirement System of Oklahoma. A retired person who begins receiving benefits from the Teachers' Retirement System of Oklahoma after September 30, 1991, who retires from a school district that provides other health insurance coverage pursuant to the provisions of paragraph 1 of subsection B of Section 168 of Title 51 of the Oklahoma Statutes, and who elects to continue said health insurance coverage shall pay the premium rate for the health insurance minus an amount equal to the premium rate of the Medicare supplement or Seventy-five Dollars (\$75.00), whichever is less, which shall be paid by the Teachers' Retirement System of Oklahoma to the health insurance coverage provider.

B. A school district that participates in health insurance coverage other than the health insurance plan offered by the State and Education Employees Group Insurance Act shall not be required to pay any portion of the premiums for the employees or the dependents of the employees of said school district. Unless a school district negotiates an agreement with its employees regarding health insurance pursuant to Sections 509.1 through 509.9 of this title, and to the extent that the agreement provides for the members of the recognized bargaining unit, a school district that participates in health insurance coverage other than the health insurance plan offered by the State and Education Employees Group Insurance Act is

prohibited from acquiring additional or supplemental health or dental insurance for any board member, school superintendent or any other employee which is not available to all employees of said district, and said school district shall not pay a greater portion of the employee or dependent premium for any health or dental insurance plan or plans provided by said school district on behalf of any board member, school superintendent or employee than that portion paid on behalf of all participating employees of said district.

C. If a school district obtains health insurance coverage from a source other than through the State and Education Employees Group Insurance Act, the employees of the school district who would be eligible to participate in the health and dental plans may, beginning October 1, 1991, require the board of education of the school district to call an election to allow said employees to vote as to whether the school district shall participate in the health and dental insurance plans offered through the State and Education Employees Group Insurance Act. Upon the filing with the board of education of a petition calling for such an election which is signed by no less than thirty percent (30%) of the eligible employees of the school district, the board of education shall call an election for the purpose of determining whether the school district shall participate in the health and dental insurance plans offered through the State and Education Employees Group Insurance Act. The election shall be held within thirty (30) days of the filing of the petition. If a majority of those eligible employees voting at the election vote to participate in the health and dental insurance plans offered through the State and Education Employees Group Insurance Act, the board of education of the school district shall apply for such participation within thirty (30) days of the election.

D. If a school district does not have any health insurance coverage of the type required by this section as of September 30,

1991, that school district shall be enrolled in the health and dental insurance plans offered through the State and Education Employees Group Insurance Act on October 1, 1991.

E. A carrier providing health insurance coverage for employees of a school district health insurance group which replaces a previous carrier for such school district employees shall provide coverage for each retired employee who was enrolled in the health insurance group by the previous carrier, provided the retired employee elects to participate in the new coverage.

SECTION 2. AMENDATORY Section 3, Chapter 400, O.S.L. 1992 (74 O.S. Supp. 1992, Section 1363), is amended to read as follows:

Section 1363. The following words and phrases as used in this act, unless a different meaning is clearly required by the context, shall have the following meanings:

1. "Basic plan" means the plan that is available to all employees eligible to participate in the State and Education Employees Group Insurance Act and that provides the least amount of benefits each participant is required to purchase pursuant to the provisions of the plan. The basic plan shall be the basic group insurance plans administered by the State and Education Employees Group Insurance Board pursuant to the State and Education Employees Group Insurance Act and the State Employees Disability Program Act and shall include only health, dental, disability and life benefits;

2. "Benefit" means any of the benefits which may be purchased or is required to be purchased under the plan;

3. "Benefit plan" means the specific terms and conditions regarding a benefit which may be purchased under the plan, including the terms and conditions of any separate plan document, group insurance policy or administrative services contract entered into by the Council;

4. "Benefit price" means the number of flexible benefit dollars needed to purchase a benefit under the plan;

5. "Board" means the State and Education Employees Group Insurance Board, as created by the State and Education Employees Group Insurance Act;

6. "Code" means the Internal Revenue Code of 1986, as amended, from time to time;

7. "Compensation" means the remuneration directly paid to a participating employee by a participating employer exclusive of overtime pay, and longevity pay, calculated prior to and without regard to adjustments arising out of an employee's participation in the plan authorized pursuant to this act, or amounts deferred under the tax sheltered income deferral plans as authorized by Section 1701 et seq. of this title;

8. "Council" means the Oklahoma State Employees Benefits Council, as created by this act;

9. "Default benefit" means any benefit a participant who fails to make a proper election under the plan shall be deemed to have purchased;

10. "Dependent" means a participant's spouse or any of his or her dependents as defined in Code Section 152 and regulations promulgated thereunder;

11. "Flexible benefit allowance" means the annual amounts credited by the participating employer for each participant for the purchase of benefits under the plan;

12. "Flexible benefit dollars" means the sum of the flexible benefit allowance and pay conversion dollars allocated by a participant pursuant to provisions of the plan;

13. "Participant" means any officer or employee of a participating employer who is a member of the Oklahoma Law Enforcement Retirement System, the Oklahoma Public Employees Retirement System or the Uniform Retirement System for Justices and

Judges, any officer or employee of a participating employer, whose employment is not seasonal or temporary and whose employment requires at least one thousand (1,000) hours of work per year and whose salary and wage is equal to or greater than the hourly wage for state employees as provided in Section 284 of this title, and any employee of a participating employer who is a member of the Teachers' Retirement System of Oklahoma;

14. "Participating employer" means any state agency, board, commission, department, institution, authority, officer, bureau, council, office or other entity created by the Oklahoma Constitution or statute that is a participating employer of the Oklahoma Law Enforcement Retirement System, the Oklahoma Public Employees Retirement System or the Uniform Retirement System for Justices and Judges, but shall not include any county, county hospital, city or town, conservation district, any private or public trust in which a county, city or town participates and is the primary beneficiary, the State Regents for Higher Education or any institution under the authority of the State Regents for Higher Education, any school district or vocational-technical school district, or political subdivision of the state, but shall include the State Department of Education, the Oklahoma Department of Wildlife Conservation, the Oklahoma Employment Security Commission, the Teachers' Retirement System of Oklahoma and the State Department of Vocational and Technical Education;

15. "Pay conversion dollars" means amounts by which a participant elects to reduce his compensation to purchase benefits under the plan;

16. "Plan" means the flexible benefits plan authorized pursuant to the State Employees Flexible Benefits Act as modified by the provisions of this act;

17. "Plan year" means the twelve-month period commencing on July 1 and ending on the following June 30;

18. "Salary Adjustment Agreement" means a written agreement between a participant and participating employer whereby the employer agrees to adjust the salary of the participant by a stated amount or an amount equal to the cost of benefits selected under the plan and the participating employer agrees to contribute such amount to cover certain costs of the benefits selected by the participant to the Council; and

19. "Termination" means the termination of a participant's employment as an employee of a participating employer, whether by reasons of discharge, voluntary termination, retirement, death or reduction-in-force.

SECTION 3. AMENDATORY Section 6, Chapter 400, O.S.L. 1992 (74 O.S. Supp. 1992, Section 1366), is amended to read as follows:

Section 1366. A. The Council shall establish a flexible benefits plan in accordance with the provisions of this act and the State Employees Flexible Benefits Act. In establishing a flexible benefits plan, the Council shall not require the State and Education Employees Group Insurance Board to offer benefits other than those benefits that can be offered pursuant to the State Employees Flexible Benefits Act. All participating employers shall offer the plan to their eligible employees.

B. The Council shall interpret the plan and decide any matters arising thereunder and may adopt such rules and procedures as it deems necessary, desirable or appropriate in the administration of the plan subject to the Administrative Procedures Act. All rules and decisions of the Council shall be uniformly and consistently applied to all participants in similar circumstances and shall be conclusive and binding on all persons having an interest in the plan. When making any decision or determination, the Council shall be entitled to rely upon such information as may be furnished to it by a participant, a participating employer, legal counsel, third

party administrator or the management of any individual benefit plan which is incorporated in the plan.

C. The executive director, under the direction of the Council, may contract with one or more firms or organizations to administer or provide consulting services in regard to all or any portion of the plan.

The Council shall solicit proposals on a competitive bid basis from such firms or organizations according to the standards set out in the Central Purchasing Act, Section 85.1 et seq. of Title 74 of the Oklahoma Statutes. When requested by the Council, the Department of Central Services shall assist the Council in the process of selecting any contracts for the design, development, communication or implementation of the plan.

When awarding a contract for services pursuant to this subsection, the Council shall satisfy itself that the contractor has no interests which would impair its ability to perform the tasks and services required and that the contractor will exercise proper independent judgment when performing its responsibilities under this act and under the contract.

D. The Council shall implement the plan created by this act for the fiscal year beginning July 1, 1993. The Council shall submit to the Director of the Legislative Service Bureau and the Director of the Office of State Finance a report detailing the procedures and operations performed or to be performed by the Council along with the associated costs for implementing and operating the plan prior to December 1, 1992. Said report, written in cooperation with the Board, shall make specific reference to the duties and responsibilities to be transferred from the Board to the Council by identifying and listing said duties and responsibilities, the actions of the Board that have facilitated or will facilitate the transfer of said duties and responsibilities, and what actions, if any, the Council desires the Board to take in order to further the



efficient and effective transfer of said duties and responsibilities.

E. Expenses included in an employee's salary adjustment agreement pursuant to the flexible benefits plan shall be limited to expenses for:

1. Premiums for any health insurance, health maintenance organization, life insurance, long term disability insurance or dental insurance offered to employees and their dependents;

2. Insurance premiums or retirement plan premiums or payments which are supplemental to insurance or retirement programs offered by the State of Oklahoma or which are paid for under salary adjustment agreements pursuant to the provisions of paragraph 1 or 2 of subsection D of Section 7.10 of Title 62 of the Oklahoma Statutes;

3. Dependent care;

4. Medical care, as defined by the Council; and

5. All other eligible benefit programs offered under Code Section 125.

F. The amount by which an employee's salary is adjusted pursuant to a salary adjustment agreement shall be excluded from income in computation of income tax withholding, federal insurance contributions act taxes, unemployment payments and workers' compensation coverage. Such amount shall be included as income in computation of state retirement contributions and benefits. Provided, if the inclusions and exclusions provided in this subsection conflict with the provisions of federal law or regulations pertaining to flexible benefits plans, the Council is authorized to modify or abolish such inclusions and exclusions.

G. The Office of Personnel Management shall provide the Council with the necessary services and facilities required to administer the programs of the Council. Legal representation shall be provided by the Office of the Attorney General through the Office of

Personnel Management as provided for in Section 18 1 of Title 74 of the Oklahoma Statutes. The Office of Personnel Management shall be reimbursed by the Council for the cost of such services and facilities.

For budgetary purposes only, employees of the Council shall be considered employees of the Office of Personnel Management; however, such employees shall not for any other reason be considered employees of the Office of Personnel Management. The executive director shall be the appointing authority and agency head. All other positions and employees shall be classified and subject to the provisions of the Merit System of Personnel Administration except actuaries and other personnel and positions in the unclassified service as provided in Sections 840.8 and 840.10 of this title.

SECTION 4. This act shall become effective July 1, 1993.

SECTION 5. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

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