

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 53rd Legislature (2012)

4 HOUSE BILL 3056

By: Steele of the House

5 and

6 Bingman of the Senate

7
8
9 AS INTRODUCED

10 [**state government - State and Education Employees**
11 **Group Insurance Act - Oklahoma State Employees**
12 **Benefits Act - modifying plan year dates -**
13 **effective date]**

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

17 SECTION 1. AMENDATORY 74 O.S. 2011, Section 1306, is
18 amended to read as follows:

19 Section 1306. The State and Education Employees Group Insurance
20 Board shall administer and manage the group insurance plans and the
21 flexible benefits plan and, subject to the provisions of the State
22 and Education Employees Group Insurance Act and the State Employees
23 Flexible Benefits Act, shall have the following powers and duties:
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1 1. The preparation of specifications for such insurance plans
2 as the Board may determine to be appropriate;

3 2. The authority and duty to request bids through the
4 Purchasing Division of the Department of Central Services for a
5 contract to be the claims administrator for all or any part of such
6 insurance and benefit plans as the Board may offer;

7 3. The determination of the methods of claims administration
8 under such insurance and benefit plans as the Board may offer;

9 4. The determination of the eligibility of employees and their
10 dependents to participate in each of the Group Insurance Plans and
11 in such other insurance and benefit plans as the Board may offer and
12 the eligibility of employees to participate in the Life Insurance
13 Plan provided that evidence of insurability shall not be a
14 requirement in determining an employee's initial eligibility;

15 5. The determination of the amount of employee payroll
16 deductions and the responsibility of establishing the procedure by
17 which such deduction shall be made;

18 6. The establishment of a grievance procedure by which a three-
19 member grievance panel shall act as an appeals body for complaints
20 by insured employees regarding the allowance and payment of claims,
21 eligibility, and other matters. Except for grievances settled to
22 the satisfaction of both parties prior to a hearing, any person who
23 requests in writing a hearing before the grievance panel shall

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1 receive a hearing before the panel. The grievance procedure
2 provided by this paragraph shall be the exclusive remedy available
3 to insured employees having complaints against the insurer. Such
4 grievance procedure shall be subject to the ~~Oklahoma~~ Administrative
5 Procedures Act, including provisions thereof for review of agency
6 decisions by the district court. The grievance panel shall schedule
7 a hearing regarding the allowance and payment of claims, eligibility
8 and other matters within sixty (60) days from the date the grievance
9 panel receives a written request for a hearing unless the panel
10 orders a continuance for good cause shown. Upon written request by
11 the insured employee to the grievance panel and received not less
12 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 competent court reporter at the insured employee's expense;

15 7. The continuing study of the operation of such insurance and
16 benefit plans as the Board may offer including such matters as gross
17 and net costs, administrative costs, benefits, utilization of
18 benefits, and claims administration;

19 8. The administration of the Health, Dental and Life Insurance
20 Reserve Fund or Funds, the Flexible Benefits Revolving Fund and the
21 Education Employees Group Insurance Reserve Fund;

22 9. The auditing of the claims paid pursuant to the provisions
23 of the State and Education Employees Group Insurance Act, the State
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1 Employees Flexible Benefits Act and the State Employees Disability
2 Program Act;

3 10. a. To select and contract with federally qualified Health
4 Maintenance Organizations under the provisions of 42
5 U.S.C., Section 300e et seq. or with Health
6 Maintenance Organizations granted a certificate of
7 authority by the Insurance Commissioner pursuant to
8 Sections 6901 through 6951 of Title 36 of the Oklahoma
9 Statutes for consideration by employees as an
10 alternative to the state self-insured health plan, and
11 to transfer to the HMOs such funds as may be approved
12 for an employee electing HMO alternative services.
13 The Board may also select and contract with a vendor
14 to offer a point-of-service plan. An HMO may offer
15 coverage through a point-of-service plan, subject to
16 the guidelines established by the Board. However, if
17 the Board chooses to offer a point-of-service plan,
18 then a vendor that offers both an HMO plan and a
19 point-of-service plan may choose to offer only its
20 point-of-service plan in lieu of offering its HMO
21 plan.

22 b. Benefit plan contracts with the State and Education
23 Employees Group Insurance Board, Health Maintenance
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1 Organizations, and other third-party insurance vendors
2 shall provide for a risk adjustment factor for adverse
3 selection that may occur, as determined by the Board,
4 based on generally accepted actuarial principles. The
5 risk adjustment factor shall include all members
6 participating in the plans offered by the State and
7 Education Employees Group Insurance Board. The
8 Oklahoma State Employees Benefits Council shall
9 contract with an actuary to provide the above
10 actuarial services, and shall be reimbursed for these
11 contract expenses by the Board.

12 c. Effective for the plan year beginning January 1, 2007,
13 and for each year thereafter, in setting health
14 insurance premiums for active employees and for
15 retirees under sixty-five (65) years of age, HMOs,
16 self-insured organizations and prepaid plans shall set
17 the monthly premium for active employees to be equal
18 to the premium for retirees under sixty-five (65)
19 years of age;

20 11. To contract for reinsurance, catastrophic insurance, or any
21 other type of insurance deemed necessary by the Board. Provided,
22 however, that the Board shall not offer a health plan which is owned
23 or operated by the state and which utilizes a capitated payment plan

1 for providers which uses a primary care physician as a gatekeeper to
2 any specialty care provided by physician-specialists, unless
3 specifically authorized by the Legislature;

4 12. The Board, pursuant to the provisions of Section 250 et
5 seq. of Title 75 of the Oklahoma Statutes, shall adopt such rules
6 consistent with the provisions of the State and Education Employees
7 Group Insurance Act as it deems necessary to carry out its statutory
8 duties and responsibilities. Emergency Rules adopted by the Board
9 and approved by the Governor which are in effect on the first day of
10 the Regular Session of the Oklahoma Legislature shall not become
11 null and void until January 15 of the subsequent calendar year;

12 13. The Board shall contract for claims administration services
13 with a private insurance carrier or a company experienced in claims
14 administration of any insurance that the Board may be directed to
15 offer. No contract for claims administration services shall be made
16 unless such contract has been offered for bids through the
17 Purchasing Division of the Department of Central Services. The
18 Board shall contract with a private insurance carrier or other
19 experienced claims administrator to process claims with software
20 that is normally used for its customers;

21 14. The Board shall contract for utilization review services
22 with a company experienced in utilization review, data base
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UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1 evaluation, market research, and planning and performance of the
2 health insurance plan;

3 15. The Board shall have the authority to determine all rates
4 and life, dental and health benefits. Except as otherwise provided
5 for in Section 1321 of this title, the Board shall not have the
6 authority to adjust the premium rates after approval. The Board
7 shall submit notice of the amount of employee premiums and dependent
8 premiums along with an actuarial projection of the upcoming fiscal
9 year's enrollment, employee contributions, employer contributions,
10 investment earnings, paid claims, internal expenses, external
11 expenses and changes in liabilities to the Director of the Office of
12 State Finance and the Director of the Legislative Service Bureau no
13 later than ~~March~~ December 1 of the previous fiscal year.

14 ~~Effective for the plan year beginning January 1, 2007, and for~~
15 ~~each plan year thereafter, in~~ After the effective date of this act,
16 the next plan year shall begin on January 1, 2013, and end on June
17 30, 2013. Thereafter, the next plan year shall begin on July 1,
18 2013, and on July 1 of each plan year thereafter.

19 In setting health insurance premiums for active employees and
20 retirees under sixty-five (65) years of age, the Board shall set the
21 monthly premium for active employees to be equal to the monthly
22 premium for retirees under sixty-five (65) years of age;

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1 16. Before December 1 of each year the Board shall submit to
2 the Director of the Office of State Finance a report outlining the
3 financial condition for the previous fiscal year of all insurance
4 plans offered by the Board. The report shall include a complete
5 explanation of all reserve funds and the actuarial projections on
6 the need for such reserves. The report shall include and disclose
7 an estimate of the future trend of medical costs, the impact from
8 HMO enrollment, antiselection, changes in law, and other
9 contingencies that could impact the financial status of the plan.
10 The Director of the Office of State Finance shall make written
11 comment on the report and shall provide such comment, along with the
12 report submitted by the Board, to the Governor, the President Pro
13 Tempore of the Senate, the Speaker of the House of Representatives
14 and the Chair of the Oklahoma State Employees Benefits Council by
15 January 15;

16 17. The Board shall establish a prescription drug card network;

17 18. The Board shall have the authority to intercept monies
18 owing to plan participants from other state agencies, when those
19 participants in turn, owe money to the Board. The Board shall be
20 required to adopt rules and regulations ensuring the participants
21 due process of law;

22 19. The Board is authorized to make available to eligible
23 employees supplemental health care benefit plans to include but not
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1 be limited to long-term care, deductible reduction plans and
2 employee co-payment reinsurance. Premiums for said plans shall be
3 actuarially based and the cost for such supplemental plans shall be
4 paid by the employee;

5 20. ~~Beginning with the plan year which begins on January 1,~~
6 ~~2006,~~ The Board shall select and contract with one or more
7 providers to offer a group TRICARE Supplement product to eligible
8 employees who are eligible TRICARE beneficiaries. Any membership
9 dues required to participate in a group TRICARE Supplement product
10 offered pursuant to this paragraph shall be paid by the employee.
11 As used in this paragraph, "TRICARE" means the Department of Defense
12 health care program for active duty and retired uniform service
13 members and their families;

14 21. There is hereby created as a joint committee of the State
15 Legislature, the Joint Liaison Committee on State and Education
16 Employees Group Insurance Benefits, which Joint Committee shall
17 consist of three members of the Senate to be appointed by the
18 President Pro Tempore thereof and three members of the House of
19 Representatives to be appointed by the Speaker thereof. The Chair
20 and Vice Chair of the Joint Committee shall be appointed from the
21 membership thereof by the President Pro Tempore of the Senate and
22 the Speaker of the House of Representatives, respectively, one of
23 whom shall be a member of the Senate and the other shall be a member

1 of the House of Representatives. At the beginning of the first
2 regular session of each Legislature, starting in 1991, the Chair
3 shall be from the Senate; thereafter the chairship shall alternate
4 every two (2) years between the Senate and the House of
5 Representatives.

6 The Joint Liaison Committee on State and Education Employees
7 Group Insurance Benefits shall function as a committee of the State
8 Legislature when the Legislature is in session and when the
9 Legislature is not in session. Each appointed member of said
10 committee shall serve until his or her successor is appointed.

11 The Joint Liaison Committee on State and Education Employees
12 Group Insurance Benefits shall serve as a liaison with the State and
13 Education Employees Group Insurance Board regarding advice,
14 guidance, policy, management, operations, plans, programs and fiscal
15 needs of said Board. Said Board shall not be bound by any action of
16 the Joint Committee; and

17 22. The State and Education Employees Group Insurance Board
18 shall annually collect its own set of performance measures
19 comparable to the Health Plan Employer Data and Information Set
20 (HEDIS) for the purpose of assessing the quality of its HealthChoice
21 plans and the other services it provides.

22 SECTION 2. AMENDATORY 74 O.S. 2011, Section 1321, is
23 amended to read as follows:

1 Section 1321. A. The Board shall have the authority to
2 determine all rates and life, dental and health benefits. All rates
3 shall be compiled in a comprehensive Schedule of Benefits. The
4 Schedule of Benefits shall be available for inspection during
5 regular business hours at the office of the State and Education
6 Employees Group Insurance Board. The Board shall have the authority
7 to annually adjust the rates and benefits based on claim experience.

8 B. The premiums for ~~such~~ the insurance plans offered for the
9 ~~next~~ plan year beginning January 1, 2013, and ending June 30, 2013,
10 shall be established as follows:

11 1. For active employees and their dependents, the Board's
12 premium determination shall be made no later than the bid submission
13 date for health maintenance organizations set by the Oklahoma State
14 Employees Benefits Council, which shall be set in August no later
15 than the third Friday of that month; and

16 2. For all other covered members and dependents, the Board's
17 and the health maintenance organizations' premium determinations
18 shall be no later than the fourth Friday of September.

19 C. The premiums for the insurance plans offered for the plan
20 year beginning July 1, 2013, and on July 1 of each plan year
21 thereafter shall be established as follows:

22 1. For active employees and their dependents, the Board's
23 premium determination shall be made no later than the bid submission

1 date for health maintenance organizations set by the Oklahoma State
2 Employees Benefits Council, which shall be set in March no later
3 than the third Friday of that month; and

4 2. For all other covered members and dependents, the Board's
5 and the health maintenance organizations' premium determinations
6 shall be no later than the fourth Friday of April.

7 D. For the plan year beginning January 1, 2013, and ending June
8 30, 2013, the deductible amounts for each plan offered shall be
9 reduced by one-half (1/2) of the full one-year deductible amount.

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

18 SECTION 3. AMENDATORY 74 O.S. 2011, Section 1363, is
19 amended to read as follows:

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

23 1. "Authority" means the Oklahoma Health Care Authority;

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1 2. "Basic plan" means the plan that provides the least amount
2 of benefits each participant is required to purchase pursuant to the
3 provisions of the plan. The basic plan shall include only health,
4 dental, disability and life benefits;

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

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

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

14 6. "Board" means the State and Education Employees Group
15 Insurance Board, as created by the State and Education Employees
16 Group Insurance Act;

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

19 8. "Compensation" means the remuneration directly paid to a
20 participating employee by a participating employer exclusive of
21 overtime pay, and longevity pay, calculated prior to and without
22 regard to adjustments arising out of an employee's participation in
23 the plan authorized pursuant to this act, or amounts deferred under
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1 the tax sheltered income deferral plans as authorized by Section
2 1701 et seq. of this title;

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

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

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

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

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

17 14. "Participant" means any officer or employee of a
18 participating employer who is a member of the Oklahoma Law
19 Enforcement Retirement System, the Oklahoma Public Employees
20 Retirement System or the Uniform Retirement System for Justices and
21 Judges, any officer or employee of a participating employer, whose
22 employment is not seasonal or temporary and whose employment
23 requires at least one thousand (1,000) hours of work per year and
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1 whose salary and wage is equal to or greater than the hourly wage
2 for state employees as provided in Section 284 of this title, and
3 any employee of a participating employer who is a member of the
4 Teachers' Retirement System of Oklahoma;

5 15. "Participating employer" means any state agency, board,
6 commission, department, institution, authority, officer, bureau,
7 council, office or other entity created by the Oklahoma Constitution
8 or statute that is a participating employer of the Oklahoma Law
9 Enforcement Retirement System, the Oklahoma Public Employees
10 Retirement System or the Uniform Retirement System for Justices and
11 Judges, but shall not include any county, county hospital, city or
12 town, conservation district, any private or public trust in which a
13 county, city or town participates and is the primary beneficiary,
14 any school district or technology center school district, or
15 political subdivision of the state, but shall include the State
16 Department of Education, the Oklahoma Department of Wildlife
17 Conservation, the Oklahoma Employment Security Commission, the
18 Teachers' Retirement System of Oklahoma and the Oklahoma Department
19 of Career and Technology Education. Provided the term
20 "participating employer" shall also mean the State Regents for
21 Higher Education or any institution under the authority of the State
22 Regents for Higher Education upon agreement between the State
23 Regents for Higher Education or the appropriate governing board of

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1 an institution under the authority of the State Regents for Higher
2 Education and the Council;

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

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

9 18. "Plan year" means for the plan year beginning ~~July 1, 2001~~
10 January 1, 2013, the six-month period commencing on ~~July~~ January 1
11 and ending on the following ~~December 31~~ June 30. The next plan year
12 shall begin ~~January 1, 2002.~~ July 1, 2013, and shall mean the
13 twelve-month period commencing on ~~January~~ July 1 and ending on the
14 following ~~December 31~~ June 30;

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

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

3 SECTION 4. AMENDATORY 74 O.S. 2011, Section 1369, is
4 amended to read as follows:

5 Section 1369. A. A state employee shall be eligible to
6 participate in the plan commencing ~~July~~ January 1 of the plan year
7 beginning ~~July 1, 2001~~ January 1, 2013, and commencing ~~January~~ July
8 1 for any plan year beginning after ~~January 1, 2002~~ July 1, 2013,
9 provided such employee qualifies as a participant as provided in
10 this act.

11 B. Except to the extent a benefit plan provides otherwise, each
12 participant's eligibility to participate in the plan and each
13 benefit plan shall terminate on the participant's termination.

14 C. Each of the benefit plans incorporated in the plan may have
15 its own eligibility requirements for participation which differ from
16 those set forth in the plan to govern participation in the plan.
17 The eligibility requirements set forth in the plan relate only to
18 participation in the plan and shall have no effect on such
19 eligibility requirements.

20 SECTION 5. AMENDATORY 74 O.S. 2011, Section 1370, is
21 amended to read as follows:

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

17 B. Each participant shall be credited annually with a specified
18 amount as a flexible benefit allowance which shall be available for
19 the purchase of benefits. The amount of the flexible benefit
20 allowance credited to each participant shall be communicated to him
21 or her prior to the enrollment period for each plan year.

22 C. Except as provided in subsection D of this section, for the
23 plan year ending December 31, 2012, the plan year ending June 30,
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1 2013, the plan year ending June 30, 2014, and each plan year
2 thereafter, the amount of a participant's benefit allowance, which
3 shall be the total amount the employer contributes for the payment
4 of insurance premiums or other benefits, shall be:

5 1. The greater of Two Hundred Sixty-two Dollars and nineteen
6 cents (\$262.19) per month or an amount equal to the sum of the
7 average monthly premiums of all high option health insurance plans,
8 excluding the point-of-service plans, the average monthly premiums
9 of the dental plans, the monthly premium of the disability plan, and
10 the monthly premium of the basic life insurance plan offered to
11 state employees or the amount determined by the Council based on a
12 formula for determining a participant's benefit credits consistent
13 with the requirements of 26 U.S.C., Section 125(g)(2) and
14 regulations thereunder; or

15 2. The greater of Two Hundred Twenty-four Dollars and sixty-
16 nine cents (\$224.69) per month or an amount equal to the sum of the
17 average monthly premiums of all high option health insurance plans,
18 excluding the point-of-service plans, the average monthly premiums
19 of the dental plans, the monthly premium of the disability plan, and
20 the monthly premium of the basic life insurance plan offered to
21 state employees plus one of the additional amounts as follows for
22 participants who elect to include one or more dependents:
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- 1 a. for a spouse, seventy-five percent (75%) of the
2 average price of all high option benefit plans,
3 excluding the point-of-service plans, available for
4 coverage of a spouse,
- 5 b. for one child, seventy-five percent (75%) of the
6 average price of all high option benefit plans
7 available, excluding the point-of-service plans, for
8 coverage of one child,
- 9 c. for two or more children, seventy-five percent (75%)
10 of the average price of all high option benefit plans
11 available, excluding the point-of-service plans, for
12 coverage of two or more children,
- 13 d. for a spouse and one child, seventy-five percent (75%)
14 of the average price of all high option benefit plans
15 available, excluding the point-of-service plans, for
16 coverage of a spouse and one child, or
- 17 e. for a spouse and two or more children, seventy-five
18 percent (75%) of the average price of all high option
19 benefit plans available, excluding the point-of-
20 service plans, for coverage of a spouse and two or
21 more children.

22 D. To the extent that it is consistent with federal laws and
23 regulations, and in particular the regulations set forth by the
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1 Secretary of Defense in 32 C.F.R. Section 199.8(d)(6), a benefit may
2 be provided to an employee who is an eligible TRICARE beneficiary
3 whereby he or she may purchase a group TRICARE Supplemental product
4 under a qualifying cafeteria plan consistent with the requirements
5 of 26 U.S.C., Section 125, provided that (i) the State, as employer
6 may not provide any payment for nor receive any consideration or
7 compensation for offering the benefit, (ii) the employer's only
8 involvement is in providing the administrative support for the
9 benefit under the cafeteria plan and (iii) the employee's
10 participation in the plan is completely voluntary. The benefit
11 allowance under paragraph 2 of subsection C of this section of an
12 employee whose plan participation includes a group TRICARE
13 Supplemental benefit shall not include any allowance or portion
14 thereof for such TRICARE Supplemental benefit.

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

20 F. If a participant desires to buy benefits whose sum total of
21 benefit prices is in excess of his or her flexible benefit
22 allowance, the participant may elect to use pay conversion dollars
23 to purchase such excess benefits. Pay conversion dollars may be
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1 | elected through a salary reduction agreement made pursuant to the
2 | election procedures of Section 1371 of this title. The elected
3 | amount shall be deducted from the participant's compensation in
4 | equal amounts each pay period over the plan year. On termination of
5 | employment during a plan year, a participant shall have no
6 | obligation to pay the participating employer any pay conversion
7 | dollars allocated to the portion of the plan year after the
8 | participant's termination of employment.

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

22 | SECTION 6. AMENDATORY 74 O.S. 2011, Section 1371, is
23 | amended to read as follows:

1 Section 1371. A. All participants must purchase at least the
2 basic plan unless, to the extent that it is consistent with federal
3 law, the participant is a person who has retired from a branch of
4 the United States military and has been provided with health
5 coverage through a federal plan and that participant provides proof
6 of that coverage, or the participant has opted out of the state's
7 basic plan according to the provisions in Section ~~2~~ 1308.3 of this
8 ~~act~~ title. On or before July 1 of the plan year beginning January
9 1, 2013, on or before January 1 of the plan year beginning July 1,
10 ~~2001~~ 2013, and ~~July~~ January 1 of any plan year beginning after
11 ~~January 1, 2002~~ July 1, 2014, the Oklahoma State Employees Benefits
12 Council shall design the basic plan for the next plan year to insure
13 that the basic plan provides adequate coverage to all participants.
14 All benefit plans, whether offered by the State and Education
15 Employees Group Insurance Board, a health maintenance organization
16 or other vendors shall meet the minimum requirements set by the
17 Council for the basic plan.

18 B. The Board shall offer health, disability, life and dental
19 coverage to all participants and their dependents. For health,
20 dental, disability and life coverage, the Board shall offer plans at
21 the basic benefit level established by the Council, and in addition,
22 may offer benefit plans that provide an enhanced level of benefits.
23 The Board shall be responsible for determining the plan design and
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1 the benefit price for the plans that they offer. ~~Effective for the~~
2 ~~plan year beginning January 1, 2007, and for each plan year~~
3 ~~thereafter, in~~ In setting health insurance premiums for active
4 employees and for retirees under sixty-five (65) years of age, the
5 Board shall set the monthly premium for active employees to be equal
6 to the monthly premium for retirees under sixty-five (65) years of
7 age.

8 Nothing in this subsection shall be construed as prohibiting the
9 Board from offering additional medical plans, provided that any
10 medical plan offered to participants shall meet or exceed the
11 benefits provided in the medical portion of the basic plan.

12 C. In lieu of electing any of the preceding medical benefit
13 plans, a participant may elect medical coverage by any health
14 maintenance organization made available to participants by the
15 Council. The benefit price of any health maintenance organization
16 shall be determined on a competitive bid basis. Contracts for said
17 plans shall not be subject to the provisions of The Oklahoma Central
18 Purchasing Act. The Council shall promulgate rules establishing
19 appropriate competitive bidding criteria and procedures for
20 contracts awarded for flexible benefits plans. All plans offered by
21 health maintenance organizations meeting the bid requirements as
22 determined by the Council shall be accepted. The Council shall have
23 the authority to reject the bid or restrict enrollment in any health

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1 maintenance organization for which the Council determines the
2 benefit price to be excessive. The Council shall have the authority
3 to reject any plan that does not meet the bid requirements. All
4 bidders shall submit along with their bid a notarized, sworn
5 statement as provided by Section 85.22 of this title. ~~Effective for~~
6 ~~the plan year beginning January 1, 2007, and for each plan year~~
7 ~~thereafter, in~~ In setting health insurance premiums for active
8 employees and for retirees under sixty-five (65) years of age, HMOs,
9 self-insured organizations and prepaid plans shall set the monthly
10 premium for active employees to be equal to the monthly premium for
11 retirees under sixty-five (65) years of age.

12 D. Nothing in this section shall be construed as prohibiting
13 the Council from offering additional qualified benefit plans or
14 currently taxable benefit plans.

15 E. Each employee of a participating employer who meets the
16 eligibility requirements for participation in the flexible benefits
17 plan shall make an annual election of benefits under the plan during
18 an enrollment period to be held prior to the beginning of each plan
19 year. The enrollment period dates will be determined annually and
20 will be announced by the Council, providing the enrollment period
21 shall end no later than thirty (30) days before the beginning of the
22 plan year.

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1 Each ~~such~~ employee shall make an irrevocable advance election
2 for the plan year or the remainder thereof pursuant to ~~such~~
3 procedures as the Council shall prescribe. Any ~~such~~ employee who
4 fails to make a proper election under the plan shall, nevertheless,
5 be a participant in the plan and shall be deemed to have purchased
6 the default benefits described in this section.

7 F. The Council shall prescribe the forms that participants will
8 be required to use in making their elections, and may prescribe
9 deadlines and other procedures for filing the elections.

10 G. Any participant who, in the first year for which ~~he or she~~
11 the participant is eligible to participate in the plan, fails to
12 make a proper election under the plan in conformance with the
13 procedures set forth in this section or as prescribed by the Council
14 shall be deemed automatically to have purchased the default
15 benefits. The default benefits shall be the same as the basic plan
16 benefits. Any participant who, after having participated in the
17 plan during the previous plan year, fails to make a proper election
18 under the plan in conformance with the procedures set forth in this
19 section or prescribed by the Council, shall be deemed automatically
20 to have purchased the same benefits which the participant purchased
21 in the immediately preceding plan year, except that the participant
22 shall not be deemed to have elected coverage under the health care

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1 reimbursement account plan or the dependent care reimbursement
2 account plan.

3 H. Benefit plan contracts with the Board, health maintenance
4 organizations, and other third party insurance vendors shall provide
5 for a risk adjustment factor for adverse selection that may occur,
6 as determined by the Council, based on generally accepted actuarial
7 principles.

8 I. 1. For the plan year ending December 31, 2004, employees
9 covered or eligible to be covered under the State and Education
10 Employees Group Insurance Act and the State Employees Flexible
11 Benefits Act who are enrolled in a health maintenance organization
12 offering a network in Oklahoma City, shall have the option of
13 continuing care with a primary care physician for the remainder of
14 the plan year if:

- 15 a. that primary care physician was part of a provider
16 group that was offered to the individual at enrollment
17 and later removed from the network of the health
18 maintenance organization, for reasons other than for
19 cause, and
- 20 b. the individual submits a request in writing to the
21 health maintenance organization to continue to have
22 access to the primary care physician.

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1 2. The primary care physician selected by the individual shall
2 be required to accept reimbursement for such health care services on
3 a fee-for-service basis only. The fee-for-service shall be computed
4 by the health maintenance organization based on the average of the
5 other fee-for-service contracts of the health maintenance
6 organization in the local community. The individual shall only be
7 required to pay the primary care physician those co-payments,
8 coinsurance and any applicable deductibles in accordance with the
9 terms of the agreement between the employer and the health
10 maintenance organization and the provider shall not balance bill the
11 patient.

12 3. Any network offered in Oklahoma City that is terminated
13 prior to July 1, 2004, shall notify the health maintenance
14 organization, Oklahoma State Employees Benefits Council and State
15 and Education Employees Group Insurance Board by June 11, 2004, of
16 the network's intentions to continue providing primary care services
17 as described in paragraph 2 of this subsection offered by the health
18 maintenance organization to state and public employees.

19 SECTION 7. This act shall become effective November 1, 2012.

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21 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
22 02/23/2012 - DO PASS, As Amended and Coauthored.

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