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<DateSubmitted>

HOUSE OF REPRESENTATIVES
CONFERENCE COMMITTEE REPORT

Mr. President:
Mr. Speaker:

The Conference Committee, to which was referred

HB2237

By: Mulready of the House and Treat of the Senate

Title: Insurance; employee insurance benefits; benefits; HMO plans; effective date.

Together with Engrossed Senate Amendments thereto, beg leave to report that we have had the same under consideration and herewith return the same with the following recommendations:

1. That the Senate recede from its amendment; and
2. That the attached Conference Committee Substitute be adopted.

Respectfully submitted,

SENATE CONFEREES

Treat _____
Fields _____
Brown _____
David _____
Stanislowski _____
Floyd _____
Brooks _____

1 STATE OF OKLAHOMA

2 2nd Session of the 56th Legislature (2018)

3 CONFERENCE COMMITTEE
4 SUBSTITUTE
5 FOR ENGROSSED
6 HOUSE BILL NO. 2237

By: Mulready of the House

and

Treat of the Senate

7
8
9 CONFERENCE COMMITTEE SUBSTITUTE

10 An Act relating to employee insurance benefits;
11 amending 70 O.S. 2011, Section 14-108.1, which
12 relates to technology center school district employee
13 health insurance; updating references to Oklahoma
14 Employees Insurance and Benefits Act; amending 70
15 O.S. 2011, Section 26-105.1, which relates to the
16 Larry Dickerson Education Flexible Benefits Allowance
17 Act; updating references to Oklahoma Employees
18 Insurance and Benefits Act; amending 74 O.S. 2011,
19 Section 840-2.27I, which relates to the State
20 Government Reduction-in-Force and Severance Benefits
21 Act; updating reference to the Oklahoma Employees
22 Insurance and Benefits Board; amending 74 O.S. 2011,
23 Sections 1302, 1303, as amended by Section 13,
24 Chapter 303, O.S.L. 2012, Section 14, Chapter 303,
O.S.L. 2012, as amended by Section 2, Chapter 266,
O.S.L. 2013, 1307.1, as amended by Section 942,
Chapter 304, O.S.L. 2012, 1308, as amended by Section
945, Chapter 304, O.S.L. 2012, 1308.1, as amended by
Section 946, Chapter 304, O.S.L. 2012, 1309, as
amended by Section 947, Chapter 304, O.S.L. 2012,
1312.1, as amended by Section 954, Chapter 304,
O.S.L. 2012, 1316.2, as last amended by Section 3,
Chapter 419, O.S.L. 2014, 1316.3, as amended by
Section 963, Chapter 304, O.S.L. 2012, 1321, as
amended by Section 966, Chapter 304, O.S.L. 2012 and
1327, as amended by Section 971, Chapter 304, O.S.L.
2012 (74 O.S. Supp. 2017, Sections 1303, 1304.1,
1307.1, 1308, 1308.1, 1309, 1312.1, 1316.2, 1316.3,

1 1321 and 1327), which relate to the Oklahoma
2 Employees Insurance and Benefits Act; modifying
3 purpose of act to exclude compliance with certain
4 federal law; modifying definitions; modifying board
5 member qualifications; modifying duties of the Office
6 of Management and Enterprise Services with respect to
7 the flexible benefits plan; modifying types of plans
8 whereby employee and dependents have right to change
9 certain physician; updating references; modifying
10 requirement to advise employee of certain plans;
11 removing certain education employee enrollment
12 period; modifying education employee option to enroll
13 in certain plans; removing employee option to enroll
14 dependents in HMO plan; modifying funds contained in
15 certain revolving fund; modifying plans offered to
16 retired employees; modifying plans offered to retired
17 teachers; modifying timeline to establish premiums
18 for certain insurance plans; modifying standards and
19 procedures for selecting providers; amending 74 O.S.
20 2011, Sections 1362, 1366, as amended by Section 976,
21 Chapter 304, O.S.L. 2012, 1370, as last amended by
22 Section 4, Chapter 266, O.S.L. 2013 and 1371, as last
23 amended by Section 1, Chapter 178, O.S.L. 2016 (74
24 O.S. Supp. 2017, Sections 1366, 1370 and 1371), which
relate to the Oklahoma State Employees Benefits Act;
modifying purpose of the act to exclude providing HMO
and long-term disability services; excluding HMO,
long-term disability and high-deductible plan
expenses from employee's salary adjustment; updating
reference to the Oklahoma Employees Insurance and
Benefits Board; deleting outdated reference;
eliminating requirements for HMO plans set by the
Board; eliminating participant option to elect HMO
plan; eliminating procedure to select HMO plan;
modifying requirement for providing certain risk
adjustment factor; eliminating procedure to continue
coverage with an HMO plan; repealing 74 O.S. 2011,
Sections 1366.1, as amended by Section 977, Chapter
304, O.S.L. 2012 and 1366.2, as amended by Section
978, Chapter 304, O.S.L. 2012 (74 O.S. Supp. 2017,
Sections 1366.1 and 1366.2), which relate to the
Oklahoma State Employees Benefits Act; and providing
an effective date.

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

1 SECTION 1. AMENDATORY 70 O.S. 2011, Section 14-108.1, is
2 amended to read as follows:

3 Section 14-108.1 A. The board of education of each technology
4 center school district in this state shall provide a health
5 insurance plan for the employees of the technology center school
6 district. Technology center school districts may obtain health and
7 dental insurance coverage as provided for in the ~~State and Education~~
8 Oklahoma Employees Group Insurance and Benefits Act or may obtain
9 other health insurance coverage. Any technology center district
10 that does not participate in the health and dental insurance plans
11 offered through the ~~State and Education~~ Oklahoma Employees Group
12 Insurance and Benefits Act shall obtain health insurance coverage
13 for the employees which provides open enrollment, and provide for
14 the continuation of health insurance coverage, including
15 supplemental Medicare insurance coverage, for those district
16 employees who retire from said district after September 30, 1991,
17 with a vested benefit in the Teachers' Retirement System of
18 Oklahoma. A retired person who begins receiving benefits from the
19 Teachers' Retirement System of Oklahoma after September 30, 1991,
20 who retires from a technology center school district that provides
21 other health insurance coverage, and who elects to continue said
22 health insurance coverage shall pay to the technology center school
23 district the premium rate for the health insurance minus an amount
24 equal to the premium rate of the Medicare supplement or the amount

1 determined pursuant to subsection ~~(4)~~ E of Section 1316.3 of Title
2 74 of the Oklahoma Statutes, whichever is less, which shall be paid
3 by the Teachers' Retirement System of Oklahoma to the technology
4 center school district. The technology center school district shall
5 remit to the health insurance coverage provider the total premium
6 due less any uncollected amounts payable from retired technology
7 center school district employees or their qualified survivors.

8 B. A technology center school district that participates in
9 health insurance coverage other than the health insurance plan
10 offered by the ~~State and Education~~ Oklahoma Employees Group
11 Insurance and Benefits Act shall not be required to pay any portion
12 of the premium for the employees or the dependents of the employees
13 of said school district. Unless a school district negotiates an
14 agreement with its employees regarding health insurance pursuant to
15 Sections 509.1 through 509.9 of this title, and to the extent that
16 the agreement provides for the members of the recognized bargaining
17 unit, a technology center school district that participates in
18 health insurance coverage other than the health insurance plan
19 offered by the ~~State and Education~~ Oklahoma Employees Group
20 Insurance and Benefits Act is prohibited from acquiring additional
21 or supplemental health or dental insurance for any board member,
22 superintendent or any other employee which is not available to all
23 employees of said district, and said technology center school
24 district shall not pay a greater portion of the employee or

1 dependent premium for any health or dental insurance plan or plans
2 provided by said technology center school district on behalf of any
3 board member, superintendent or employee than that portion paid on
4 behalf of all participating employees of said district.

5 C. If a technology center school district obtains health
6 insurance coverage from a source other than through the ~~State and~~
7 ~~Education~~ Oklahoma Employees Group Insurance and Benefits Act, the
8 employees of the technology center school district who would be
9 eligible to participate in the health and dental plans may require
10 the board of education of the technology center school district to
11 call an election to allow said employees to vote as to whether the
12 technology center school district shall participate in the health
13 and dental insurance plans offered through the ~~State and Education~~
14 Oklahoma Employees Group Insurance and Benefits Act. Upon the
15 filing with the board of education of a petition calling for such an
16 election which is signed by no less than thirty percent (30%) of the
17 eligible employees of the technology center school district, the
18 board of education shall call an election for the purpose of
19 determining whether the technology center school district shall
20 participate in the health and dental insurance plans offered through
21 the ~~State and Education~~ Oklahoma Employees Group Insurance and
22 Benefits Act. The election shall be held within thirty (30) days of
23 the filing of the petition. If a majority of those eligible
24 employees voting at the election vote to participate in the health

1 and dental insurance plans offered through the ~~State and Education~~
2 Oklahoma Employees Group Insurance and Benefits Act, the board of
3 education of the technology center school district shall apply for
4 such participation within thirty (30) days of the election.

5 D. If a technology center school district does not have any
6 health insurance coverage of the type required by this section, that
7 technology center school district shall immediately be enrolled in
8 the health and dental insurance plans offered through the ~~State and~~
9 ~~Education~~ Oklahoma Employees Group Insurance and Benefits Act.

10 E. A carrier providing health insurance coverage for employees
11 of a technology center school district health insurance group which
12 replaces a previous carrier for such technology center school
13 district employees shall provide coverage for each retired employee
14 who is receiving a benefit or terminates employment with a vested
15 benefit from the Teachers' Retirement System of Oklahoma and who is
16 enrolled in the health insurance group by the previous carrier at
17 the time the previous carrier providing health insurance coverage is
18 replaced. Notwithstanding any provision in this section to the
19 contrary, any person who retires pursuant to the provisions of the
20 Teachers' Retirement System of Oklahoma prior to May 1, 1993, or
21 terminates service with a vested benefit, pursuant to the provisions
22 of the Teachers' Retirement System of Oklahoma prior to May 1, 1993,
23 may continue to participate in the health and dental plans

24

1 authorized by the provisions of the ~~State and Education~~ Oklahoma
2 Employees Group Insurance and Benefits Act.

3 F. In the event a technology center school district ceases to
4 exist, the assets and duties of said technology center school
5 district are transferred to one or more other technology center
6 school districts, said other technology center school district or
7 districts do not agree to employ all of the former employees of the
8 technology center school district that is ceasing to exist, and said
9 former employees who are not being reemployed have rights under
10 federal or state law to continue group insurance coverage, the
11 annexing technology center school district having the largest
12 general fund revenue for the most recent preceding fiscal year for
13 which data is available shall provide group insurance coverage to
14 said former employees not being retained during the period as
15 required by law.

16 SECTION 2. AMENDATORY 70 O.S. 2011, Section 26-105.1, is
17 amended to read as follows:

18 Section 26-105.1 The provisions of the Larry Dickerson
19 Education Flexible Benefits Allowance Act shall apply to school
20 districts participating in the Oklahoma ~~State Education and~~
21 Employees Group Insurance Board plan and Benefits Act or school
22 districts that are self-insured.

23 SECTION 3. AMENDATORY 74 O.S. 2011, Section 840-2.27I,
24 is amended to read as follows:

1 Section 840-2.27I A. An affected former state employee who:

2 1. Had a vested or retirement benefit pursuant to the
3 provisions of any of the state public retirement systems;

4 2. Was separated from state service as a result of a reduction-
5 in-force since July 1, 1997; and

6 3. Was offered severance benefits pursuant to the State
7 Government Reduction-in-Force and Severance Benefits Act,
8 may reinstate health insurance coverage any time within two (2)
9 years following the date of the reduction-in-force from the state,
10 and be eligible for the purchase of all other benefits available to
11 former employees with a vested benefit of the state public
12 retirement system of which the employee is a member.

13 B. Former employees who elect to reinstate health insurance
14 coverage pursuant to this section shall provide satisfactory
15 evidence of insurability after a break in coverage of one hundred
16 eighty (180) days or more.

17 C. The provisions of subsection A of this section shall apply
18 to an affected former state employee who may have elected non-state-
19 sponsored health insurance coverage or who initially may have
20 elected one of the available state-sponsored health insurance plans
21 but later cancels either of those elected coverages.

22 D. A former employee who reinstates health insurance coverage
23 pursuant to this section shall pay the full cost of the insurance
24 premium at the then available rate and pursuant to the rules and

1 enrollment procedures established by the ~~State and Education~~
2 Oklahoma Employees Group Insurance and Benefits Board. The former
3 employee will be subject to the same rate changes as those made
4 available to all other state vested or retired employees. The
5 former employee may elect coverage for the employee's current
6 dependents if the election is made within thirty (30) days of
7 reinstatement of health insurance.

8 SECTION 4. AMENDATORY 74 O.S. 2011, Section 1302, is
9 amended to read as follows:

10 Section 1302. It is hereby declared that the purpose of this
11 act is:

12 (a) To provide uniformity in Accident and Health Insurance
13 and/or Benefits Coverage and Life Insurance on all employees of the
14 State of Oklahoma;

15 (b) To enable the state to attract and retain qualified
16 employees by providing health, dental and life insurance benefits
17 similar to those commonly provided in private industry;

18 (c) To recognize and protect the state's investment in each
19 permanent employee by promoting and preserving good health and
20 longevity among state employees;

21 (d) To recognize the service to the state by elected and
22 appointed officials by extending to them the same health, dental and
23 life insurance benefits as are provided herein for state employees;

24 and

1 (e) To recognize long and faithful service, and to encourage
2 employees to remain in state service until eligible for retirement
3 by providing health, dental and life insurance benefits for
4 employees; and

5 ~~(f) To ensure state compliance with the Health Maintenance~~
6 ~~Organization Act of 1973 pursuant to 42 U.S.C., Section 300e et seq.~~

7 SECTION 5. AMENDATORY 74 O.S. 2011, Section 1303, as
8 amended by Section 13, Chapter 303, O.S.L. 2012 (74 O.S. Supp. 2017,
9 Section 1303), is amended to read as follows:

10 Section 1303. For the purposes of and as used in the Oklahoma
11 Employees Insurance and Benefits Act:

12 1. "Board" means the Oklahoma Employees Insurance and Benefits
13 Board as created by the Oklahoma Employees Insurance and Benefits
14 Act;

15 2. "Plan" means the Oklahoma Employees Insurance Plan;

16 3. "Employee" means those state employees, education employees
17 and other eligible employees participating in the Oklahoma Employees
18 Insurance and Benefits Act;

19 4. "Education employee" means those employees other than
20 adjunct professors employed by a state institution of higher
21 education, in the service of an education entity who are members or
22 are or will be eligible to become members of the Teachers'
23 Retirement System of Oklahoma and who receive compensation for such
24 service after the education entity begins to participate in the

1 Oklahoma Employees Insurance and Benefits Act and visiting faculty
2 who are not eligible for membership in the Teachers' Retirement
3 System of Oklahoma;

4 5. "Adjunct professor" means a person employed by an
5 institution of higher education who is attached in a subordinate or
6 temporary capacity to the faculty or staff, and who is contracted to
7 instruct in a given specific discipline;

8 6. "Visiting faculty" means a person employed by an institution
9 of higher education who is not eligible for academic rank or tenure,
10 other than an adjunct professor, and who is contracted to instruct
11 in a given specific discipline generally not to exceed one (1)
12 academic year;

13 7. "Education entity" means a school district, a technology
14 center school district, or an institution comprising The Oklahoma
15 State System of Higher Education;

16 8. "State employee" means and includes each officer or employee
17 in the service of the State of Oklahoma who, after January 1, 1966,
18 received compensation for service rendered to the State of Oklahoma
19 on a warrant issued pursuant to a payroll certified by a department
20 or by an elected or duly appointed officer of the state or who
21 receives payment for the performance of personal services on a
22 warrant issued pursuant to a payroll certified by a department and
23 drawn by the State Treasurer against appropriations made by the
24 Legislature from any state fund or against trust funds held by the

1 State Treasurer, who is employed in a position normally requiring
2 actual performance of duty during not less than one thousand (1,000)
3 hours per year, and whose employment is not seasonal or temporary,
4 except that a person elected by popular vote will be considered an
5 employee during the person's tenure in office; provided, however,
6 that employees who are otherwise eligible who are on approved leave
7 without pay shall be eligible to continue coverage during such leave
8 not to exceed twenty-four (24) months, as provided and published in
9 the Office of Management and Enterprise Services Rules for
10 Employment, from the date the employee goes on such leave provided
11 the employee pays the full premiums due or persons who are drawing
12 disability benefits under the State Employees Disability Program Act
13 or meet each and every requirement of the State Employees Disability
14 Program shall be eligible to continue coverage provided the person
15 pays the full premiums due;

16 9. "Carrier" means the ~~State of Oklahoma or a state designated~~
17 ~~Health Maintenance Organization (HMO). Such HMO shall be a~~
18 ~~federally qualified Health Maintenance Organization under 42 U.S.C.,~~
19 ~~Section 300e et seq.~~ program offered under the Oklahoma Employees
20 Insurance and Benefits Act or the health insurance plan of an
21 employer;

22 10. "Health insurance plan" means a ~~self-insured~~ plan ~~by~~
23 offered through the State of Oklahoma Employees Insurance and
24 Benefits Board for the purpose of paying the cost of hospital and

1 medical care up to the maximum coverage provided by said plan ~~or~~
2 ~~prepaid medical plan(s) offered to employees as an alternative to~~
3 ~~the state administered plan by federally qualified HMOs which have~~
4 ~~contracted with the state;~~

5 11. "Life insurance plan" means a self-insured plan for the
6 purpose of paying death and dismemberment benefits up to the maximum
7 coverage provided by the plan;

8 12. "Dental benefits plan" means a plan by the State of
9 Oklahoma for the purpose of paying the cost of dental care up to the
10 maximum coverage provided by the plan; whenever the term "dental
11 insurance plan" or a term of like import appears in the Oklahoma
12 Employees Insurance and Benefits Act, the term shall mean "dental
13 benefits plan";

14 13. "Other insurance" means any type of coverage other than
15 basic hospital and medical benefits, major medical benefits,
16 comprehensive benefits, life insurance benefits or dental insurance
17 benefits, which the Plan Board may be directed to offer;

18 14. "Dependent" means an employee's spouse or any unmarried
19 child:

20 a. under the age of twenty-five (25) years, regardless of
21 residence, provided that the employee is primarily
22 responsible for their support, including:

23 (1) an adopted child, and
24

1 (2) a stepchild or child who lives with the employee
2 in a regular parent-child relationship, or
3 b. regardless of age who is incapable of self-support
4 because of mental or physical incapacity that existed
5 prior to reaching the age of twenty-five (25) years;

6 15. "Comprehensive benefits" means benefits which reimburse the
7 expense of hospital room and board, other hospital services, certain
8 outpatient expenses, maternity benefits, surgical expense, including
9 obstetrical care, in-hospital medical care expense, diagnostic
10 radiological and laboratory benefits, physicians' services provided
11 by house and office calls, treatments administered in physicians'
12 office, prescription drugs, psychiatric services, Christian Science
13 practitioners' services, Christian Science nurses' services,
14 optometric medical services for injury or illness of the eye, home
15 health care, home nursing service, hospice care, and such other
16 benefits as may be determined by the Board. ~~Such benefits shall be
17 provided on a copayment or coinsurance basis, the insured to pay a
18 proportion of the cost of such benefits, and may be subject to a
19 deductible that applies to all or part of the benefits as determined
20 by the Board; and~~

21 16. "Life insurance coverage" shall include a maximum amount of
22 basic life insurance or benefit with or without a double indemnity
23 provision and an amount of accidental death and dismemberment
24 insurance or benefit per employee to be provided by the State of

1 Oklahoma, and the employee shall have the option to purchase
2 additional life insurance or benefits on the employee's life up to
3 the amount provided by the plan. Such basic life insurance
4 benefits, with or without double indemnity, and accidental death and
5 dismemberment benefits shall not exclude coverage for death or
6 dismemberment resulting from war, insurrection or riot. The Board
7 may also extend dependent life insurance in an amount to be
8 determined by the Board to each insured employee who elects to
9 insure the employee's eligible dependents. Premiums for the
10 dependent life insurance shall be paid wholly by the employee.

11 SECTION 6. AMENDATORY Section 14, Chapter 303, O.S.L.
12 2012, as amended by Section 2, Chapter 266, O.S.L. 2013 (74 O.S.
13 Supp. 2017, Section 1304.1), is amended to read as follows:

14 Section 1304.1 A. The State and Education Employees Group
15 Insurance Board and the Oklahoma State Employees Benefits Council
16 are hereby abolished. Wherever the State and Education Employees
17 Group Insurance Board and the Oklahoma State Employees Benefits
18 Council are referenced in law, that reference shall be construed to
19 mean the Oklahoma Employees Insurance and Benefits Board.

20 B. There is hereby created the Oklahoma Employees Insurance and
21 Benefits Board.

22 C. The chair and vice-chair shall be elected by the Board
23 members at the first meeting of the Board and shall preside over
24 meetings of the Board and perform other duties as may be required by

1 the Board. Upon the resignation or expiration of the term of the
2 chair or vice-chair, the members shall elect a chair or vice-chair.
3 The Board shall elect one of its members to serve as secretary.

4 D. The Board shall consist of seven (7) members to be appointed
5 as follows:

6 1. The State Insurance Commissioner, or designee;

7 2. Four members shall be appointed by the Governor;

8 3. One member shall be appointed by the Speaker of the Oklahoma
9 House of Representatives; and

10 4. One member shall be appointed by the President Pro Tempore
11 of the State Senate.

12 E. The appointed members shall:

13 1. Have demonstrated professional experience in investment or
14 funds management, public funds management, public or private group
15 health or pension fund management, or group health insurance
16 management;

17 2. Be licensed to practice law in this state and have
18 demonstrated professional experience in commercial matters; or

19 3. Be licensed by the Oklahoma Accountancy Board to practice in
20 this state as a public accountant or a certified public accountant.

21 In making appointments that conform to the requirements of this
22 subsection, at least one but not more than three members shall be
23 appointed each from paragraphs 2 and 3 of this subsection by the
24 combined appointing authorities.

1 F. Each member of the Board shall serve a term of four (4)
2 years from the date of appointment.

3 G. Members of the Board shall be subject to the following:

4 1. The appointed members shall each receive compensation of
5 Five Hundred Dollars (\$500.00) per month. Appointed members who
6 fail to attend a regularly scheduled meeting of the Board shall not
7 receive the related compensation;

8 2. The appointed members shall be reimbursed for their
9 expenses, according to the State Travel Reimbursement Act, as are
10 incurred in the performance of their duties, which shall be paid
11 from the Health Insurance Reserve Fund;

12 3. In the event an appointed member does not attend at least
13 seventy-five percent (75%) of the regularly scheduled meetings of
14 the Board during a calendar year, the appointing authority may
15 remove the member;

16 4. A member may also be removed for any other cause as provided
17 by law;

18 5. No Board member shall be individually or personally liable
19 for any action of the Board; and

20 6. Participation on the Board is contingent upon maintaining
21 all necessary annual training as may be required through the Health
22 Insurance Portability and Accountability Act of 1996, Medicare
23 contracting requirements or other statutory or regulatory
24 guidelines.

1 H. The Board shall meet as often as necessary to conduct
2 business but shall meet no less than four times a year, with an
3 organizational meeting to be held prior to December 1, 2012. The
4 organizational meeting shall be called by the Insurance
5 Commissioner. A majority of the members of the Board shall
6 constitute a quorum for the transaction of business, and any
7 official action of the Board must have a favorable vote by a
8 majority of the members of the Board present.

9 I. Except as otherwise provided in this subsection, no member
10 of the Board shall be a lobbyist registered in this state as
11 provided by law, or be employed directly or indirectly by any firm
12 or health care provider under contract to ~~the State and Education~~
13 ~~Employees Group Insurance Board, the Oklahoma State Employees~~
14 ~~Benefits Council, or~~ the Oklahoma Employees Insurance and Benefits
15 Board, or any benefit program under its jurisdiction, for any goods
16 or services whatsoever. Any physician member of the Board shall not
17 be subject to the provisions of this subsection.

18 J. Any vacancy occurring on the Board shall be filled for the
19 unexpired term of office in the same manner as provided for in
20 subsection D of this section.

21 K. The Board shall act in accordance with the provisions of the
22 Oklahoma Open Meeting Act, the Oklahoma Open Records Act and the
23 Administrative Procedures Act.

24

1 L. The Administrative Director of the Courts shall designate
2 grievance panel members as shall be necessary. The members of the
3 grievance panel shall consist of two attorneys licensed to practice
4 law in this state and one state licensed health care professional or
5 health care administrator who has at least three (3) years practical
6 experience, has had or has admitting privileges to a hospital in
7 this state, has a working knowledge of prescription medication, or
8 has worked in an administrative capacity at some point in their
9 career. The state health care professional shall be appointed by
10 the Governor. At the Governor's discretion, one or more qualified
11 individuals may also be appointed as an alternate to serve on the
12 grievance panel in the event the Governor's primary appointee
13 becomes unable to serve.

14 M. The Office of Management and Enterprise Services shall have
15 the following duties, responsibilities and authority with respect to
16 the administration of the flexible benefits plan authorized pursuant
17 to the State Employees Flexible Benefits Act:

18 1. To construe and interpret the plan, and decide all questions
19 of eligibility in accordance with the Oklahoma State Employees
20 Benefits Act and 26 U.S.C.A., Section 1 et seq.;

21 2. To select those benefits which shall be made available to
22 participants under the plan, according to the Oklahoma State
23 Employees Benefits Act, and other applicable laws and rules;

24

1 3. To prescribe procedures to be followed by participants in
2 making elections and filing claims under the plan;

3 4. Beginning with the plan year which begins on January 1,
4 2013, to select and contract with one or more providers to offer a
5 group TRICARE Supplement product to eligible employees who are
6 eligible TRICARE beneficiaries. Any membership dues required to
7 participate in a group TRICARE Supplement product offered pursuant
8 to this paragraph shall be paid by the employee. As used in this
9 paragraph, "TRICARE" means the Department of Defense health care
10 program for active duty and retired service members and their
11 families;

12 5. To prepare and distribute information communicating and
13 explaining the plan to participating employers and participants.
14 ~~Health Maintenance Organizations or other third-party~~ Participating
15 insurance vendors may be directly or indirectly involved in the
16 distribution of communicated information to participating state
17 agency employers and state employee participants subject to the
18 following condition: the ~~Board~~ Office shall verify all marketing
19 and communications information for factual accuracy prior to
20 distribution;

21 6. To receive from participating employers and participants
22 such information as shall be necessary for the proper administration
23 of the plan, and any of the benefits offered thereunder;

1 7. To furnish the participating employers and participants such
2 annual reports with respect to the administration of the plan as are
3 reasonable and appropriate;

4 8. To keep reports of benefit elections, claims and
5 disbursements for claims under the plan;

6 9. To negotiate for best and final offer through competitive
7 negotiation with the assistance and through the purchasing
8 procedures adopted by the Office of Management and Enterprise
9 Services and ~~contract~~ recommend contracting with ~~federally qualified~~
10 ~~health maintenance organizations under the provisions of 42 U.S.C.,~~
11 ~~Section 300e et seq., or with Health Maintenance Organizations~~
12 ~~granted a certificate of authority by the Insurance Commissioner~~
13 ~~pursuant to the Health Maintenance Reform Act of 2003 for~~
14 ~~consideration by participants as an alternative to the health plans~~
15 ~~offered by the Oklahoma Employees Insurance and Benefits Board, and~~
16 ~~to transfer to the health maintenance organizations such funds as~~
17 ~~may be approved for a participant electing health maintenance~~
18 ~~organization alternative services. The Board may also select and~~
19 ~~contract with a vendor to offer a point-of-service plan. An HMO may~~
20 ~~offer coverage through a point-of-service plan, subject to the~~
21 ~~guidelines established by the Board. However, if the Board chooses~~
22 ~~to offer a point-of-service plan, then a vendor that offers both an~~
23 ~~HMO plan and a point-of-service plan may choose to offer only its~~
24 ~~point-of-service plan in lieu of offering its HMO plan one or more~~

1 third-party vendors for purposes of offering alternative medical
2 plans for consideration by participants.

3 a. Such plans may include, but are not limited to, health
4 maintenance organizations (HMOs), exclusive provider
5 organizations (EPOs), Medicare Advantage plans (MAs)
6 and accountable care organizations (ACOs). All plans
7 shall be in conformance with all applicable federal
8 and state regulations. Plans of similar nature shall
9 have actuarial parity, and the premium rates shall be
10 on an actuarially sound basis for the time period and
11 the population covered under the terms of the
12 contract.

13 b. The Board shall have the authority to recommend
14 rejection of any plan that does not meet the bid
15 requirements or provide sufficient value for the State
16 of Oklahoma. The Board may, ~~however,~~ renegotiate
17 rates with successful bidders after contracts have
18 been awarded if there is an extraordinary
19 circumstance. An extraordinary circumstance shall be
20 limited to the insolvency, dissolution or withdrawal
21 of a participating health maintenance organization or
22 point-of-service plan, dissolution of a participating
23 health maintenance organization or point-of-service
24 plan or withdrawal of another participating health

1 ~~maintenance organization or point of service plan at~~
2 third-party vendor any time during the calendar year.

3 Nothing in this section of law shall be construed to
4 permit either party to unilaterally alter the terms of
5 the contract.

6 c. The Board shall ensure that all premiums are paid to
7 participating third-party health vendors within sixty
8 (60) calendar days from receipt of the bill;

9 10. To retain as confidential information the initial Request
10 For Proposal offers as well as any subsequent bid offers made by the
11 third-party health plans plan vendors prior to final contract awards
12 as a part of the best and final offer negotiations process for the
13 benefit plan;

14 11. To promulgate administrative rules for the competitive
15 negotiation process;

16 12. To require vendors offering coverage to provide such
17 enrollment and claims data as is determined by the Board. ~~The Board~~
18 ~~shall be authorized to retain as confidential any proprietary~~
19 ~~information submitted in response to the Board's Request For~~
20 ~~Proposal. Provided, however, that any such information requested by~~
21 ~~the Board from the vendors shall only be subject to the~~
22 ~~confidentiality provision of this paragraph if it is clearly~~
23 ~~designated in the Request For Proposal as being protected under this~~
24 ~~provision. All requested information lacking such a designation in~~

1 ~~the Request For Proposal shall be subject to Section 24A.1 et seq.~~
2 ~~of Title 51 of the Oklahoma Statutes. From health maintenance~~
3 ~~organizations, data provided shall include the current Health Plan~~
4 ~~Employer Data and Information Set (HEDIS);~~

5 13. To authorize the purchase of any insurance deemed necessary
6 for providing benefits under the plan including indemnity dental
7 plans, provided that the only indemnity health plan selected by the
8 Board shall be the indemnity plan offered by the Board, and to
9 transfer to the Board such funds as may be approved for a
10 participant electing a benefit plan offered by the Board. All
11 indemnity dental plans shall meet or exceed the following
12 requirements:

- 13 a. they shall have a statewide provider network,
- 14 b. they shall provide benefits which shall reimburse the
15 expense for the following types of dental procedures:
 - 16 (1) diagnostic,
 - 17 (2) preventative,
 - 18 (3) restorative,
 - 19 (4) endodontic,
 - 20 (5) periodontic,
 - 21 (6) prosthodontics,
 - 22 (7) oral surgery,
 - 23 (8) dental implants,
 - 24 (9) dental prosthetics, and

1 (10) orthodontics, and

2 c. they shall provide an annual benefit of not less than
3 One Thousand Five Hundred Dollars (\$1,500.00) for all
4 services other than orthodontic services, and a
5 lifetime benefit of not less than One Thousand Five
6 Hundred Dollars (\$1,500.00) for orthodontic services;

7 14. To communicate deferred compensation programs as provided
8 in Section 1701 of Title 74 of the Oklahoma Statutes;

9 15. To assess and collect reasonable fees from ~~contracted~~
10 ~~health maintenance organizations and~~ third-party insurance vendors
11 to offset the costs of administration;

12 16. To accept, modify or reject elections under the plan in
13 accordance with the Oklahoma State Employees Benefits Act and 26
14 U.S.C.A., Section 1 et seq.;

15 17. To promulgate election and claim forms to be used by
16 participants;

17 18. To adopt rules requiring payment for medical and dental
18 services and treatment rendered by duly licensed hospitals,
19 physicians and dentists. Unless the Board has otherwise contracted
20 with the out-of-state health care provider, the Board shall
21 reimburse for medical services and treatment rendered and charged by
22 an out-of-state health care provider at least at the same percentage
23 level as the network percentage level of the fee schedule
24 established by the Oklahoma Employees Insurance and Benefits Board

1 | if the insured employee was referred to the out-of-state health care
2 | provider by a physician or it was an emergency situation and the
3 | out-of-state provider was the closest in proximity to the place of
4 | residence of the employee which offers the type of health care
5 | services needed. For purposes of this paragraph, health care
6 | providers shall include, but not be limited to, physicians,
7 | dentists, hospitals and special care facilities;

8 | 19. To enter into a contract with out-of-state providers in
9 | connection with any PPO or hospital or medical network plan which
10 | shall include, but not be limited to, special care facilities and
11 | hospitals outside the borders of the State of Oklahoma. The
12 | contract for out-of-state providers shall be identical to the in-
13 | state provider contracts. The Board may negotiate for discounts
14 | from billed charges when the out-of-state provider is not a network
15 | provider and the member sought services in an emergency situation,
16 | when the services were not otherwise available in the State of
17 | Oklahoma or when the Administrator appointed by the Board approved
18 | the service as an exceptional circumstance;

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

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

16 21. To intercept monies owing to plan participants from other
17 state agencies, when those participants in turn owe money to the
18 Office of Management and Enterprise Services, and to ensure that the
19 participants are afforded due process of law.

20 N. Except for a breach of fiduciary obligation, a Board member
21 shall not be individually or personally responsible for any action
22 of the Board.

23 O. The Board shall operate in an advisory capacity to the
24 Office of Management and Enterprise Services.

1 P. The members of the Board shall not accept gifts or
2 gratuities from an individual organization with a value in excess of
3 Ten Dollars (\$10.00) per year. The provisions of this section shall
4 not be construed to prevent the members of the Board from attending
5 educational seminars, conferences, meetings or similar functions.

6 SECTION 7. AMENDATORY 74 O.S. 2011, Section 1307.1, as
7 amended by Section 942, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
8 2017, Section 1307.1), is amended to read as follows:

9 Section 1307.1 No employee or dependent who participates in an
10 ~~HMO~~ a health plan offered through the Oklahoma Employees Insurance
11 and Benefits Act shall be denied the right of changing the primary
12 care physician to any other primary care physician within the ~~HMO~~
13 health plan. The employee or dependent shall notify the ~~HMO~~ health
14 plan in writing of any change in the choice of primary care
15 physician forty-five (45) days in advance of the change by certified
16 mail with return receipt requested. Any such change in a primary
17 care physician shall not be subject to the approval of the ~~HMO~~
18 health plan, the Office of Management and Enterprise Services or
19 state agency.

20 SECTION 8. AMENDATORY 74 O.S. 2011, Section 1308, as
21 amended by Section 945, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
22 2017, Section 1308), is amended to read as follows:

23 Section 1308. (1) Any employee eligible for membership in the
24 ~~Health Insurance Plan, Dental Insurance Plan or Life Insurance Plan~~

1 health, dental or life insurance plans offered through the Oklahoma
2 Employees Insurance and Benefits Act upon its effective date shall
3 be enrolled in the plan unless the employee elects not to be
4 enrolled within thirty (30) days of the effective dates. ~~The~~
5 ~~employee shall be advised of Health Maintenance Organization prepaid~~
6 ~~plans available as an alternative to the state self-insured Health~~
7 ~~Insurance Plan.~~ The employee shall be advised of the available plan
8 options. The Office of Management and Enterprise Services shall
9 establish the procedure by which eligible employees not electing to
10 be enrolled initially in the ~~Health Insurance Plan, Dental Insurance~~
11 ~~Plan or Life Insurance Plan~~ health, dental or life insurance plans
12 may be subsequently enrolled.

13 (2) Any eligible employee who is employed after the effective
14 dates of the ~~Health Insurance Plan, Dental Insurance Plan and Life~~
15 ~~Insurance Plan or HMO plans approved by the Office~~ health, dental
16 and life insurance plans offered through the Oklahoma Employees
17 Insurance and Benefits Act may become enrolled on the first day of
18 the second month of employment.

19 SECTION 9. AMENDATORY 74 O.S. 2011, Section 1308.1, as
20 amended by Section 946, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
21 2017, Section 1308.1), is amended to read as follows:

22 Section 1308.1 (1) An educational entity may extend the
23 benefits of the health insurance plan, the dental insurance plan,
24 and the life insurance plan to education employees employed by the

1 entity. The benefits of the plans for an education employee shall
2 be the same and shall include the same plan options as would be made
3 available to a state employee participating in the plan that resided
4 at the same location. ~~Notwithstanding the provisions of Section~~
5 ~~1308.2 of this title, a period shall exist for enrolling education~~
6 ~~entities from April 1, 1989 through October 1, 1991, whereby~~
7 ~~education employees of a participating education entity may be~~
8 ~~enrolled, pursuant to this act, during the entities' initial~~
9 ~~enrollment period, regardless of preexisting conditions.~~ The Office
10 of Management and Enterprise Services shall adopt rules and
11 regulations for enrollment by which education entities may apply to
12 participate in the insurance plans. Once an education entity
13 becomes a participant in the health and dental insurance plans
14 offered through the Oklahoma Employees Insurance and Benefits Act,
15 the education entity may withdraw from participation, in a manner
16 prescribed by the Office. If a school district is participating in
17 the health and dental insurance plans pursuant to the Oklahoma
18 Employees Insurance and Benefits Act, Sections 1301 through 1329.1
19 of this title, the employees of the school district who are eligible
20 to participate in the health and dental plans, at such time as the
21 school district may withdraw from such participation, may require
22 the board of education of the school district to call an election to
23 allow the employees to vote as to whether the school district shall
24 continue participation in the health and dental insurance plans

1 offered through the Oklahoma Employees Insurance and Benefits Act.
2 Upon the filing with the board of education of a petition calling
3 for such an election which is signed by no less than thirty percent
4 (30%) of the eligible employees of the school district, the board of
5 education shall call an election for the purpose of determining
6 whether the school district shall continue participation in the
7 health and dental insurance plans offered through the Oklahoma
8 Employees Insurance and Benefits Act. The election shall be held
9 within thirty (30) days of the filing of the petition. If a
10 majority of those eligible employees voting at the election vote to
11 continue participation in the health and dental insurance plans
12 offered through the Oklahoma Employees Insurance and Benefits Act,
13 the board of education shall be prohibited from withdrawing the
14 school district from such participation. If a majority of those
15 eligible employees voting at the election vote against continued
16 participation in the health and dental insurance plans offered
17 through the Oklahoma Employees Insurance and Benefits Act, the board
18 of education of the school district shall apply to discontinue such
19 participation within thirty (30) days of the election and within the
20 times the school district is authorized to withdraw from
21 participation in accordance with rules established for withdrawal by
22 the Office.

23 (2) Except as otherwise provided in this subsection, when an
24 education entity participates in the health and dental insurance

1 plans offered through the Oklahoma Employees Insurance and Benefits
2 Act, all employees shall be advised of ~~Health Maintenance~~
3 ~~Organizations prepaid plans available as an alternative to the state~~
4 ~~self-insured health insurance plan~~ the available plan options.
5 Eligible ~~part-time~~ education employees, ~~at the option of the~~
6 ~~employee,~~ may enroll in the plans either at the time the education
7 entity begins participation in the plans ~~or, if later, upon a~~
8 ~~showing of insurability to the satisfaction of the Office.~~

9 (3) Any employee of an education entity participating in the
10 health and dental insurance plans offered through the Oklahoma
11 Employees Insurance and Benefits Act who is employed after the
12 education entity began said participation may be enrolled in the
13 health and dental insurance plans ~~or HMO plans approved by the~~
14 ~~Office~~ on the first day of the second month of employment.

15 (4) Upon initial enrollment of an institution of higher
16 education to participate in the health and dental insurance plans
17 offered through the Oklahoma Employees Insurance and Benefits Act,
18 all individuals presently insured by said institution's present
19 group health insurance plan shall become enrolled in said state
20 plans for the remaining period of said institution's contractual
21 liabilities.

22 (5) Education employees who shall be absent from the teaching
23 service because of election or appointment as a local, state, or
24 national education association officer shall be allowed to retain

1 coverage pursuant to the Oklahoma Employees Insurance and Benefits
2 Act upon the payment of the full cost of the coverage at the rate
3 and under such terms and conditions established by the Office.

4 (6) Except as otherwise provided by law, an educational entity
5 may cease to participate in the Oklahoma Employees Insurance and
6 Benefits Act but provide health insurance coverage through another
7 insurance carrier. The subsequent carrier shall provide coverage to
8 the employees of the educational entity who terminated employment
9 with a retirement benefit, with a vested benefit, or who have ten
10 (10) or more years of service with a participating educational
11 entity but did not have a vested benefit through the retirement
12 system of the educational entity, if the election to retain health
13 insurance coverage was made within thirty (30) days of termination
14 of employment. Coverage shall also be provided to the eligible
15 dependents of the employees if an election to retain coverage is
16 made within thirty (30) days of termination of employment.

17 SECTION 10. AMENDATORY 74 O.S. 2011, Section 1309, as
18 amended by Section 947, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
19 2017, Section 1309), is amended to read as follows:

20 Section 1309. A. Any eligible employee may elect to have a
21 dependent or dependents of the employee covered by the ~~Health~~
22 ~~Insurance Plan and Dental Insurance Plan or by any available Health~~
23 ~~Maintenance Organization (HMO) approved by the Office of Management~~
24 ~~and Enterprise Services~~ health and dental insurance plans offered

1 through the Oklahoma Employees Insurance and Benefits Act. The
2 employee may elect to cover all dependent children and not elect to
3 cover the spouse of the employee. Such election shall be made at
4 the time the employee becomes enrolled in the Plan, under such
5 procedures as the Office may establish. If dependent coverage is
6 not elected or if the employee elects to cover all dependent
7 children and not the spouse of the employee at the time an employee
8 becomes enrolled in the Plan, dependent coverage or coverage for the
9 spouse cannot be elected until the next enrollment period or until a
10 qualifying event has occurred as established by the Office. Such
11 subsequent election of dependent coverage shall be made under such
12 conditions as the Office may impose. If electing not to cover the
13 spouse, the employee shall submit a statement signed by both the
14 employee and the spouse acknowledging their choice not to provide
15 insurance coverage for the spouse under the ~~Health Insurance Plan~~
16 ~~and Dental Insurance Plan or approved HMO plans~~ health and dental
17 insurance plans offered through the Oklahoma Employees Insurance and
18 Benefits Act.

19 B. Any employee with dependent coverage, as provided in this
20 section, who has a change in the number of dependents may at the
21 time of such change increase or decrease the number of dependents
22 covered by the ~~Health Insurance Plan and Dental Insurance Plan or~~
23 ~~approved HMO plans,~~ health and dental insurance plans offered
24

1 through the Oklahoma Employees Insurance and Benefits Act under
2 procedures established by the Office.

3 C. Any employee who has no eligible dependents at the time the
4 employee becomes enrolled may elect dependent coverage at the time
5 the dependency status of the employee changes under procedures
6 established by the Office.

7 SECTION 11. AMENDATORY 74 O.S. 2011, Section 1312.1, as
8 amended by Section 954, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
9 2017, Section 1312.1), is amended to read as follows:

10 Section 1312.1 There is hereby created in the State Treasury a
11 Revolving Fund for the Oklahoma Employees Insurance and Benefits
12 Plan. The revolving fund shall consist of funds transferred from
13 the Health and Dental Insurance Reserve Fund and the Life Insurance
14 Reserve Fund for operational expenses of the State Health and Life
15 Insurance Plan and monies assessed from or collected for and due a
16 ~~Health Maintenance Organization (HMO)~~ an insurance vendor as
17 approved by the Office of Management and Enterprise Services.
18 Expenditures from said funds shall be made pursuant to the laws of
19 the state and statutes relating to the Plan. This revolving fund
20 shall be a continuing fund, not subject to fiscal year limitations,
21 and shall be under the control and management of the Office.

22 SECTION 12. AMENDATORY 74 O.S. 2011, Section 1316.2, as
23 last amended by Section 3, Chapter 419, O.S.L. 2014 (74 O.S. Supp.
24 2017, Section 1316.2), is amended to read as follows:

1 Section 1316.2 A. Any employee, other than an education
2 employee, who retires pursuant to the provisions of the Oklahoma
3 Public Employees Retirement System or who has a vested benefit
4 pursuant to the provisions of the Oklahoma Public Employees
5 Retirement System may continue in force the health and dental
6 insurance benefits authorized by the provisions of the Oklahoma
7 Employees Insurance and Benefits Act, or other employer insurance
8 benefits if the employer does not participate in the plans offered
9 by the Office of Management and Enterprise Services, if such
10 election to continue in force is made within thirty (30) days from
11 the date of termination of service. Except as otherwise provided
12 for in Section 840-2.27I of this title and subsection H of this
13 section, health and dental insurance coverage may not be reinstated
14 at a later time if the election to continue in force is declined.
15 Vested employees other than education employees who have terminated
16 service and are not receiving benefits and effective July 1, 1996,
17 nonvested persons who have terminated service with more than eight
18 (8) years of participating service with a participating employer,
19 who within thirty (30) days from the date of termination of service
20 elect to continue such coverage, shall pay the full cost of the
21 insurance premium at the rate and pursuant to the terms and
22 conditions established by the Office. Provided also, any employee
23 other than an education employee who commences employment with a
24 participating employer on or after September 1, 1991, who terminates

1 service with such employer on or after July 1, 1996, but who
2 otherwise has insufficient years of service to retire or terminate
3 service with a vested benefit pursuant to the provisions of the
4 Oklahoma Public Employees Retirement System or to elect to continue
5 coverage as a nonvested employee as provided in this section, but
6 who, immediately prior to employment with the participating
7 employer, was covered as a dependent on the health and dental
8 insurance policy of a spouse who was an active employee other than
9 an education employee, may count as part of his or her credited
10 service for the purpose of determining eligibility to elect to
11 continue coverage under this section, the time during which the
12 terminating employee was covered as such a dependent.

13 B. 1. Health insurance benefit plans offered pursuant to this
14 section shall include:

- 15 a. ~~indemnity plans offered through the Office,~~
- 16 b. ~~managed care plans offered as alternatives to the~~
17 ~~indemnity plans offered through the Office,~~
- 18 c. ~~Medicare supplements offered pursuant to the Oklahoma~~
19 ~~Employees Insurance and Benefits Act,~~
- 20 d. ~~Medicare risk-sharing contracts offered as~~
21 ~~alternatives to the Medicare supplements offered~~
22 ~~through the Office. All Medicare risk-sharing~~
23 ~~contracts shall be subject to a risk adjustment~~

24

1 ~~factor, based on generally accepted actuarial~~
2 ~~principles for adverse selection which may occur, and~~
3 e. the health insurance plans offered through the
4 Oklahoma Employees Insurance and Benefits Act, and for
5 the Oklahoma Public Employee Retirement System, other
6 employer-provided health insurance benefit plans if
7 the employer does not participate in the plans offered
8 pursuant to the Oklahoma Employees Insurance and
9 Benefits Act.

10 2. Health insurance benefit plans offered pursuant to this
11 section shall provide prescription drug benefits, except for plans
12 designed pursuant to the Medicare Prescription Drug Improvement and
13 Modernization Act of 2003, for which provision of prescription drug
14 benefits is optional, and except for plans offered pursuant to
15 subparagraph e of paragraph 1 of this subsection.

16 C. 1. Designated public retirement systems shall contribute a
17 monthly amount towards the health insurance premium of certain
18 individuals receiving benefits from the public retirement system as
19 follows:

- 20 a. a retired employee, other than an education employee
21 or an employee who participates in the defined
22 contribution system administered by the Oklahoma
23 Public Employees Retirement System on or after
24 November 1, 2015, who is receiving benefits from the

1 Oklahoma Public Employees Retirement System after
2 September 30, 1988, shall have One Hundred Five
3 Dollars (\$105.00), or the premium rate of the health
4 insurance benefit plan, whichever is less, paid by the
5 Oklahoma Public Employees Retirement System to the
6 Board or other insurance carrier of the employer if
7 the employer does not participate in the plans offered
8 by the Office in the manner specified in subsection G
9 of this section,

10 b. a retired employee or surviving spouse other than an
11 education employee who is receiving benefits from the
12 Oklahoma Law Enforcement Retirement System after
13 September 30, 1988, is under sixty-five (65) years of
14 age and is not otherwise eligible for Medicare shall
15 have the premium rate for the health insurance benefit
16 plan or One Hundred Five Dollars (\$105.00), whichever
17 is less, paid by the Oklahoma Law Enforcement
18 Retirement System to the Office in the manner
19 specified in subsection G of this section,

20 c. a retired employee other than an education employee
21 who is receiving benefits from the Oklahoma Law
22 Enforcement Retirement System after September 30,
23 1988, is sixty-five (65) years of age or older or who
24 is under sixty-five (65) years of age and is eligible

1 for Medicare shall have One Hundred Five Dollars
2 (\$105.00), or the premium rate of the health insurance
3 benefit plan, whichever is less, paid by the Oklahoma
4 Law Enforcement Retirement System to the Office in the
5 manner specified in subsection G of this section, and

6 d. a retired employee other than an education employee
7 who is receiving benefits from the Uniform Retirement
8 System for Justices and Judges after September 30,
9 1988, shall have One Hundred Five Dollars (\$105.00),
10 or the premium rate of the health insurance plan,
11 whichever is less, paid by the Uniform Retirement
12 System for Justices and Judges to the Office in the
13 manner specified in subsection G of this section.

14 2. Premium payments made pursuant to this section shall be made
15 subject to the following conditions:

16 a. the health plan shall be authorized by the provisions
17 of the Oklahoma Employees Insurance and Benefits Act,
18 except that if an employer from which an employee
19 retired or with a vested benefit pursuant to the
20 provisions of the Oklahoma Public Employees Retirement
21 System does not participate in the plans authorized by
22 the provisions of the Oklahoma Employees Insurance and
23 Benefits Act, the health plan will be the health
24

1 insurance benefits of the employer from which the
2 individual retired or vested,

3 b. for plans offered by the Oklahoma Employees Insurance
4 and Benefits Act, the amount to be paid shall be
5 determined pursuant to the provisions of this
6 subsection and shall first be applied in whole or in
7 part to the prescription drug coverage premium. Any
8 remaining amount shall be applied toward the medical
9 coverage premium,

10 c. for all plans, if the amount paid by the public
11 retirement system does not cover the full cost of the
12 elected coverage, the individual shall pay the
13 remaining premium amount, and

14 d. payment shall be made by the retirement systems in the
15 manner specified under subsection G of this section.

16 D. For any member of the Oklahoma Law Enforcement Retirement
17 System killed in the line of duty, whether the member was killed in
18 the line of duty prior to May 18, 2005, or on or after May 18, 2005,
19 or if the member was on a disability leave status at the time of
20 death, the surviving spouse or dependents of such deceased member of
21 the Oklahoma Law Enforcement Retirement System may elect to continue
22 or commence health and dental insurance benefits, provided the
23 dependents pay the full cost of such insurance, and for deaths
24 occurring on or after July 1, 2002, such election is made within

1 thirty (30) days of the date of death. The eligibility for the
2 benefits shall terminate for the surviving children when the
3 children cease to qualify as dependents.

4 E. Effective July 1, 2004, a retired member of the Oklahoma Law
5 Enforcement Retirement System who retired from the System by means
6 of a personal and traumatic injury of a catastrophic nature and in
7 the line of duty and any surviving spouse of such retired member and
8 any surviving spouse of a member who was killed in the line of duty
9 shall have one hundred percent (100%) of the retired member's or
10 surviving spouse's health care premium cost, whether the member or
11 surviving spouse elects coverage under the Medicare supplement or
12 Medicare risk-sharing contract, paid by the Oklahoma Law Enforcement
13 Retirement System to the Office in the manner specified in
14 subsection H of this section. For plans offered by the Office, such
15 contributions will first be applied in whole or in part to the
16 prescription drug coverage premium, if any.

17 F. Dependents of a deceased employee who was on active work
18 status or on a disability leave at the time of death or of a
19 participating retardant or of any person who has elected to receive
20 a vested benefit under the Oklahoma Public Employees Retirement
21 System, the Uniform Retirement System for Justices and Judges or the
22 Oklahoma Law Enforcement Retirement System may continue the health
23 and dental insurance benefits in force, provided the dependents pay
24 the full cost of such insurance and they were covered as eligible

1 dependents at the time of such death and such election is made
2 within thirty (30) days of date of death. The eligibility for the
3 benefits shall terminate for the surviving children when the
4 children cease to qualify as dependents.

5 G. The amounts required to be paid by the Oklahoma Public
6 Employees Retirement System, the Uniform Retirement System for
7 Justices and Judges and the Oklahoma Law Enforcement Retirement
8 System pursuant to this section shall be forwarded no later than the
9 tenth day of each month following the month for which payment is due
10 by the Oklahoma Public Employees Retirement System Board of Trustees
11 or the Oklahoma Law Enforcement Retirement Board to the Office for
12 deposit in the Health, Dental and Life Insurance Reserve Fund or to
13 another insurance carrier as provided for in subsection H of Section
14 1315 of this title.

15 H. Upon retirement from employment of the Board of Regents of
16 the University of Oklahoma, any person who was or is employed at the
17 George Nigh Rehabilitation Institute and who transferred employment
18 pursuant to Section 3427 of Title 70 of the Oklahoma Statutes, any
19 person who was employed at the Medical Technology and Research
20 Authority and who transferred employment pursuant to Section 7068 of
21 this title, and any person who is a member of the Oklahoma Law
22 Enforcement Retirement System pursuant to the authority of Section
23 2-314 of Title 47 of the Oklahoma Statutes may participate in the
24 benefits authorized by the provisions of the Oklahoma Employees

1 Insurance and Benefits Act for retired participants, including
2 health, dental and life insurance benefits, if such election to
3 participate is made within thirty (30) days from the date of
4 termination of service. Life insurance benefits for any such person
5 who transferred employment shall not exceed the coverage the person
6 had at the time of such transfer. Retirees who transferred
7 employment and who participate pursuant to this paragraph shall pay
8 the premium for elected benefits less any amounts paid by a state
9 retirement system pursuant to this section.

10 SECTION 13. AMENDATORY 74 O.S. 2011, Section 1316.3, as
11 amended by Section 963, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
12 2017, Section 1316.3), is amended to read as follows:

13 Section 1316.3 A. Any person who retires pursuant to the
14 provisions of the Teachers' Retirement System of Oklahoma with at
15 least ten (10) years of creditable service or who has a vested
16 benefit with at least ten (10) years of creditable service, pursuant
17 to the provisions of the Teachers' Retirement System of Oklahoma may
18 continue in force the health and dental insurance benefits
19 authorized by the provisions of the Oklahoma Employees Insurance and
20 Benefits Act if such election to continue in force or begin is made
21 within thirty (30) days from the date of termination of service.
22 Except as provided in subsection E of Sections 5-117.5 and 14-108.1
23 of Title 70 of the Oklahoma Statutes and Section 840-2.27I of this
24 title and subsection K of this section, health and dental insurance

1 coverage may not be reinstated at a later time if the election to
2 continue in force or begin coverage is declined. Vested persons who
3 have terminated service and are not receiving benefits and effective
4 July 1, 1996, nonvested persons who have terminated service with
5 more than ten (10) years of participating service with a qualifying
6 employer, who within thirty (30) days from the date of termination
7 of service, elect to continue such coverage, shall pay the full cost
8 of said insurance premium at the rate and pursuant to the terms and
9 conditions established by the Office of Management and Enterprise
10 Services.

11 B. 1. Health insurance benefit plans offered pursuant to this
12 section shall include:

- 13 a. ~~indemnity plans offered through the Office,~~
- 14 b. ~~managed care plans offered as alternatives to the~~
15 ~~indemnity plans,~~
- 16 c. ~~Medicare supplements offered through the Office,~~
- 17 d. ~~Medicare risk sharing contracts offered as~~
18 ~~alternatives to the Medicare supplements offered~~
19 ~~through the Office, and~~
- 20 e. the health insurance plans offered through the
21 Oklahoma Employees Insurance and Benefits Act, and any
22 other employer-provided health insurance benefit plans
23 if the employer does not participate in the plans
24

1 offered pursuant to the Oklahoma Employees Insurance
2 and Benefits Act.

3 2. Health insurance benefit plans offered pursuant to this
4 section shall provide prescription drug benefits, except for plans
5 designed pursuant to the Medicare Prescription Drug Improvement and
6 Modernization Act of 2003, which may or may not contain prescription
7 drug benefits, for which provision of prescription drug benefits is
8 optional, and except for other employer-provided health insurance
9 benefit plans offered pursuant to ~~subparagraph e~~ of paragraph 1 of
10 this subsection.

11 C. A retired person who:

12 1. Is receiving benefits from the Teachers' Retirement System
13 of Oklahoma after September 30, 1988, is under sixty-five (65) years
14 of age and is not otherwise eligible for Medicare and pursuant to
15 subsection A of this section elects to begin or to continue the
16 health insurance plan;

17 2. Is receiving benefits from the Teachers' Retirement System
18 of Oklahoma after June 30, 1993, is under sixty-five (65) years of
19 age and is not otherwise eligible for Medicare and participates in a
20 health insurance plan provided by a participating education employer
21 of the Teachers' Retirement System of Oklahoma other than a health
22 insurance plan offered pursuant to the Oklahoma Employees Insurance
23 and Benefits Act or ~~an alternative~~ a health plan offered pursuant to
24 the Oklahoma State Employees Benefits Act;

1 3. Is receiving benefits from the Teachers' Retirement System
2 of Oklahoma after September 30, 1988, made contributions to the
3 system and is sixty-five (65) years of age or older, or who is under
4 sixty-five (65) years of age and is eligible for Medicare and is a
5 participant in the Oklahoma Employees Insurance and Benefits Act and
6 elects coverage under the Medicare supplement offered by the Office;
7 or

8 4. Is receiving benefits from the Teachers' Retirement System
9 of Oklahoma after June 30, 1993, made contributions to the system
10 and is sixty-five (65) years of age or older, or who is under sixty-
11 five (65) years of age and is eligible for Medicare and participates
12 in a health insurance plan provided by a participating education
13 employer of the Teachers' Retirement System of Oklahoma other than a
14 health insurance plan offered pursuant to the Oklahoma Employees
15 Insurance and Benefits Act or ~~an alternative~~ a health plan offered
16 pursuant to the Oklahoma State Employees Benefits Act and elects
17 coverage under the Medicare supplement offered by the Office,
18 shall have the amount determined pursuant to subsection E of this
19 section, or the premium rate of the health insurance benefit plan,
20 whichever is less, paid by the Teachers' Retirement System of
21 Oklahoma. If the amount paid by the Teachers' Retirement System of
22 Oklahoma does not cover the full cost of the health insurance
23 premium, the retired person shall pay the remaining amount if the
24 retired person wants to continue the coverage.

1 D. The Teachers' Retirement System shall pay the amount due
 2 pursuant to the provisions of subsection C of this section as
 3 follows:

4 1. For those individuals participating in plans provided
 5 through the Oklahoma Employees Insurance and Benefits Act, payment
 6 shall be made to the Office pursuant to the provisions of subsection
 7 I of this section; or

8 2. For those individuals participating in plans provided
 9 through a participating education employer of the Teachers'
 10 Retirement System of Oklahoma other than a health insurance plan
 11 offered pursuant to the Oklahoma Employees Insurance and Benefits
 12 Act, payment shall be made to the education employer.

13 E. Beginning July 1, 2000, the maximum benefit payable by the
 14 Teachers' Retirement System of Oklahoma on behalf of a retired
 15 person toward said person's monthly premium for health insurance
 16 shall be determined in accordance with the following schedule:

	LESS THAN		
	25 YEARS BUT	GREATER	
	LESS THAN	GREATER THAN	THAN 24.99
AVERAGE SALARY	15 YEARS OF	14.99 YEARS OF	YEARS OF
USED FOR DETERMINING	CREDITABLE	CREDITABLE	CREDITABLE
RETIREMENT ALLOWANCE	SERVICE	SERVICE	SERVICE
Less than \$20,000.00	\$103.00	\$104.00	\$105.00

1	Less than \$30,000.00 but			
2	greater than \$19,999.99	\$102.00	\$103.00	\$104.00
3	Less than \$40,000.00 but			
4	greater than \$29,999.99	\$101.00	\$102.00	\$103.00
5	\$40,000.00 or greater	\$100.00	\$101.00	\$102.00

6 For plans offered by the Office, the amount paid pursuant to
7 this subsection shall first be applied to the prescription drug
8 coverage premium, if any. Any remaining amounts shall be applied
9 towards the medical coverage premium.

10 F. If a person retires and begins to receive benefits from the
11 Teachers' Retirement System of Oklahoma or terminates service and
12 has a vested benefit with the Teachers' Retirement System of
13 Oklahoma, the person may elect, in the manner provided in subsection
14 A of this section, to participate in the dental insurance plan
15 offered through the Oklahoma Employees Insurance and Benefits Act.
16 The person shall pay the full cost of the dental insurance.

17 G. Those persons who are receiving benefits from the Teachers'
18 Retirement System of Oklahoma and have health insurance coverage
19 which on the operative date of this section is being paid by the
20 education entity from which the person retired shall make the
21 election required in subsection A of this section within thirty (30)
22 days of the termination of said health insurance coverage. The
23 person making the election shall give the Office certified
24

1 documentation satisfactory to the Office of the termination date of
2 the other health insurance coverage.

3 H. Dependents of a deceased education employee who was on
4 active work status or on a disability leave at the time of death or
5 of a participating retirant or of any person who has elected to
6 receive a vested benefit under the Teachers' Retirement System of
7 Oklahoma may continue the health and dental insurance benefits in
8 force provided said dependents pay the full cost of such insurance
9 and they were covered as eligible dependents at the time of such
10 death and such election is made within thirty (30) days of date of
11 death. The eligibility for said benefits shall terminate for the
12 surviving children when said children cease to qualify as
13 dependents.

14 I. The amounts required to be paid by the Teachers' Retirement
15 System of Oklahoma pursuant to this section shall be forwarded no
16 later than the tenth day of each month following the month for which
17 payment is due by the Board of Trustees of the Teachers' Retirement
18 System of Oklahoma to the Office for deposit in the Education
19 Employees Group Insurance Reserve Fund.

20 J. The Teachers' Retirement System of Oklahoma shall provide
21 the Office information concerning the employers of retired and
22 vested members necessary to allow the Office to track eligibility
23 for continued coverage.

24

1 K. Upon retirement from employment with the Board of Regents of
2 the University of Oklahoma, any person who is or was employed at the
3 George Nigh Rehabilitation Institute and who transferred employment
4 pursuant to Section 3427 of Title 70 of the Oklahoma Statutes, any
5 person who was employed at the Medical Technology and Research
6 Authority and who transferred employment pursuant to Section 7068 of
7 this title, and any person who is a member of the Oklahoma Law
8 Enforcement Retirement System pursuant to the authority of Section
9 2-314 of Title 47 of the Oklahoma Statutes may participate in the
10 benefits authorized by the provisions of the Oklahoma Employees
11 Insurance and Benefits Act for retired participants, including
12 health, dental and life insurance benefits, if such election to
13 participate is made within thirty (30) days from the date of
14 termination of employment. Life insurance benefits for any such
15 person who transferred employment shall not exceed the coverage the
16 person had at the time of such transfer. Retirees who are persons
17 transferred employment and who participate pursuant to this
18 paragraph shall pay the premium for elected benefits less any
19 amounts paid by the retirement system pursuant to this section.

20 SECTION 14. AMENDATORY 74 O.S. 2011, Section 1321, as
21 amended by Section 966, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
22 2017, Section 1321), is amended to read as follows:

23 Section 1321. A. The Office of Management and Enterprise
24 Services shall have the authority to determine all rates and life,

1 dental and health benefits. All rates shall be compiled in a
2 comprehensive Schedule of Benefits. The Schedule of Benefits shall
3 be available for inspection during regular business hours at the
4 Office of Management and Enterprise Services. The Office shall have
5 the authority to annually adjust the rates and benefits based on
6 claim experience.

7 B. The premiums for such insurance plans offered for the next
8 plan year shall be established as follows:

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

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

17 C. The Office may approve a mid-year adjustment provided the
18 need for an adjustment is substantiated by an actuarial
19 determination or more current experience rating. The only
20 publication or notice requirements that shall apply to the Schedule
21 of Benefits shall be those requirements provided in the Oklahoma
22 Open Meeting Act. It is the intent of the Legislature that the
23 benefits provided not include cosmetic dental procedures except for
24 certain orthodontic procedures as adopted by the Director.

1 SECTION 15. AMENDATORY 74 O.S. 2011, Section 1327, as
2 amended by Section 971, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
3 2017, Section 1327), is amended to read as follows:

4 Section 1327. A. All health benefit plans offered by the
5 Office of Management and Enterprise Services which provide for
6 services for vision care or medical diagnosis and treatment for the
7 eye shall allow optometrists to be providers of those services. All
8 such health benefit plans shall also require equal payment for the
9 same services provided by an optometrist if the services are within
10 the scope of practice of optometry.

11 B. With respect to optometric services, any health benefit plan
12 offered by the Office which uses a gatekeeper or equivalent for
13 referrals for services for vision care or for medical diagnosis and
14 treatment of the eye shall require such covered services be provided
15 on a referral basis within the medical group or network at the
16 request of an enrollee who has a condition requiring vision care or
17 medical diagnosis and treatment of the eye if:

18 1. A referral is necessitated in the judgment of the primary
19 care physician; and

20 2. Treatment for the condition falls within the licensed scope
21 of practice of an optometrist.

22 C. All health benefit plans offered by the Office shall have a
23 defined set of standards and procedures for selecting providers,
24 including specialists, to serve enrollees. The standards and

1 procedures shall be drafted in such a manner that they are
2 applicable to all categories of providers and shall be utilized by
3 ~~the health maintenance organization~~ in a manner that is without bias
4 for or discrimination against a particular category or categories of
5 providers.

6 D. No health benefit plan specified by this section shall
7 require a provider to have hospital privileges if hospital
8 privileges are not usual and customary for the services the provider
9 provides.

10 E. Nothing in this section shall be construed to:

11 1. Prohibit a health benefit plan offered by the Office which
12 provides for services for vision care or medical diagnosis and
13 treatment for the eye from determining the adequacy of the size of
14 its network;

15 2. Prohibit an optometrist from agreeing to a fee schedule;

16 3. Limit, expand, or otherwise affect the scope of practice of
17 optometry; or

18 4. Alter, repeal, modify or affect the laws of this state
19 except where such laws are in conflict or are inconsistent with the
20 express provisions of this section.

21 F. Existing health benefit plans offered by the Office shall
22 comply with the requirements of this section upon issuance or
23 renewal on or after the effective date of this act.

24

1 SECTION 16. AMENDATORY 74 O.S. 2011, Section 1362, is
2 amended to read as follows:

3 Section 1362. It is hereby declared that the purpose of Section
4 1361 et seq. of this title is:

5 1. To recognize that the employee benefit needs of individual
6 state employees differ, depending on the age, salary and family
7 status of the employee, and that it is needful to permit
8 participating employees to select and tailor the benefits they
9 receive in a manner calculated to best meet the particular needs of
10 themselves and their families;

11 2. To furnish state employees with choices among various
12 employee benefits or cash compensation;

13 3. To provide state employees and their dependents with basic
14 group health insurance, basic group term life insurance, and basic
15 ~~long-term~~ disability insurance;

16 4. To provide state employees and their dependents with
17 optional employee benefits, to include, but not be limited to,
18 enhanced health insurance coverage, ~~health maintenance organization~~
19 ~~services~~, life insurance, dental insurance and enhanced long-term
20 disability insurance;

21 5. To provide state employees with reimbursement for qualifying
22 dependent care expenses for which a dependent care tax credit is not
23 taken, reimbursement for qualifying health care expenses not
24 reimbursed by any other insurance plan or taken as a tax deduction,

1 additional benefits which are currently taxable, additional benefits
2 which are not currently taxable, and cash compensation;

3 6. To provide state employees with tax sheltered income
4 deferment plans;

5 7. To provide uniform benefit options for all state employees
6 regardless of their place of residence within this state;

7 8. To manage the provision of health care benefits in a manner
8 that allows for the long term control of costs;

9 9. To provide for the coordination and design, in accordance
10 with applicable law, of all employee benefits offered to state
11 employees so as to increase the efficient delivery and effectiveness
12 of those benefits;

13 10. To enable the state to attract and retain qualified
14 employees by providing employee benefits which are competitive with
15 those provided private industry;

16 11. To offer uniformity in those benefits that are offered to
17 both state employees and those eligible for participation in the
18 State and Education Employees Group Insurance Act, Section 1301 et
19 seq. of this title;

20 12. To recognize and protect the state's investment in each
21 employee by promoting and preserving good health and longevity among
22 state employees;

23

24

1 13. To recognize the service to the state by elected and
2 appointed officials by extending to them the same benefits as are
3 provided under the flexible benefits program to state employees; and

4 14. To recognize long and faithful service, and to encourage
5 employees to remain in state service until eligible for retirement
6 by providing employee benefits.

7 SECTION 17. AMENDATORY 74 O.S. 2011, Section 1366, as
8 amended by Section 976, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
9 2017, Section 1366), is amended to read as follows:

10 Section 1366. A. The Office of Management and Enterprise
11 Services shall establish a flexible benefits plan in accordance with
12 the provisions of Section 1361 et seq. of this title. All
13 participating employers shall offer the plan to their eligible
14 employees.

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

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

3 C. The Office may contract with one or more firms or
4 organizations to administer or provide consulting services in regard
5 to all or any portion of the plan.

6 The Office shall solicit proposals on a competitive bid basis.
7 Contracts for the flexible benefits plan shall not be subject to the
8 provisions of The Oklahoma Central Purchasing Act, Section 85.1 et
9 seq. of this title. The Office shall promulgate rules establishing
10 appropriate competitive bidding criteria and procedures for
11 contracts awarded for flexible benefits plans.

12 When awarding a contract for services pursuant to this
13 subsection, the Office shall satisfy itself that the contractor has
14 no interests which would impair its ability to perform the tasks and
15 services required and that the contractor will exercise proper
16 independent judgment when performing its responsibilities under
17 Section 1361 et seq. of this title and under the contract.

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

21 1. Premiums for any health insurance, ~~health maintenance~~
22 ~~organization,~~ life insurance, ~~long term~~ disability insurance, or
23 dental insurance ~~or high deductible health benefit plan~~ offered to
24 employees and their dependents;

1 2. Insurance premiums or retirement plan premiums or payments
2 which are supplemental to insurance or retirement programs offered
3 by this state or which are paid for under salary adjustment
4 agreements pursuant to the provisions of Section 34.70 of Title 62
5 of the Oklahoma Statutes;

6 3. Dependent care;

7 4. Medical care, as defined by the Office; and

8 5. All other eligible benefit programs offered under 26 United
9 States Code Section 125.

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

20 F. 1. Legal representation shall be provided by the Office of
21 the Attorney General.

22 2. The executive director shall be the appointing authority and
23 agency head. All other positions and employees shall be classified
24 and subject to the provisions of the Merit System of Personnel

1 Administration except actuaries and other personnel and positions in
2 the unclassified service as provided in Section 840-5.5 of this
3 title.

4 SECTION 18. AMENDATORY 74 O.S. 2011, Section 1370, as
5 last amended by Section 4, Chapter 266, O.S.L. 2013 (74 O.S. Supp.
6 2017, Section 1370), is amended to read as follows:

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

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

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

15 1. The greater of the amount of benefit which the participant
16 would have qualified for as of plan year 2012, or an amount equal to
17 the monthly premium of the HealthChoice High Option plan, the
18 average monthly premiums of the dental plans, the monthly premium of
19 the disability plan, and the monthly premium of the basic life
20 insurance plan offered to state employees or the amount determined
21 by the Council based on a formula for determining a participant's
22 benefit credits consistent with the requirements of 26 U.S.C.,
23 Section 125(g) (2) and regulations thereunder; or

24

1 2. The greater of the amount of benefit which the participant
2 would have qualified for as of plan year 2012 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 plus one of the additional
7 amounts as follows for participants who elect to include one or more
8 dependents:

- 9 a. for a spouse, seventy-five percent (75%) of the
10 HealthChoice High Option plan, available for coverage
11 of a spouse,
12 b. for one child, seventy-five percent (75%) of the
13 HealthChoice High Option plan, for coverage of one
14 child,
15 c. for two or more children, seventy-five percent (75%)
16 of the HealthChoice High Option plan, for coverage of
17 two or more children,
18 d. for a spouse and one child, seventy-five percent (75%)
19 of the HealthChoice High Option plan, for coverage of
20 a spouse and one child, or
21 e. for a spouse and two or more children, seventy-five
22 percent (75%) of the HealthChoice High Option plan,
23 for coverage of a spouse and two or more children.
24

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

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

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

12 3. The employee's participation in the plan is completely
13 voluntary.

14 The benefit allowance under paragraph 2 of subsection C of this
15 section of an employee whose plan participation includes a group
16 TRICARE Supplemental benefit shall not include any allowance or
17 portion thereof for such TRICARE Supplemental benefit.

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

23 F. If a participant desires to buy benefits whose sum total of
24 benefit prices is in excess of his or her flexible benefit

1 allowance, the participant may elect to use pay conversion dollars
2 to purchase such excess benefits. Pay conversion dollars may be
3 elected through a salary reduction agreement made pursuant to the
4 election procedures of Section 1371 of this title. The elected
5 amount shall be deducted from the participant's compensation in
6 equal amounts each pay period, with the exception of participants on
7 a biweekly payroll system, where such deduction shall occur over
8 twenty-four pay periods over the plan year. On termination of
9 employment during a plan year, a participant shall have no
10 obligation to pay the participating employer any pay conversion
11 dollars allocated to the portion of the plan year after the
12 participant's termination of employment.

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

1 corresponding reduction in the sum of his or her flexible benefit
2 allowance equal to the sum total benefit price of such minimum
3 benefits or default benefits.

4 SECTION 19. AMENDATORY 74 O.S. 2011, Section 1371, as
5 last amended by Section 1, Chapter 178, O.S.L. 2016 (74 O.S. Supp.
6 2017, Section 1371), is amended to read as follows:

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

22 B. The Board shall offer health, disability, life and dental
23 coverage to all participants and their dependents. For health,
24 dental, disability and life coverage, the Board shall offer plans at

1 the basic benefit level established by the Board, and in addition,
2 may offer benefit plans that provide an enhanced level of benefits.
3 The Board shall be responsible for determining the plan design and
4 the benefit price for the plans that they offer. Effective for the
5 plan year beginning January 1, 2017, and for each plan year
6 thereafter, in setting health insurance premiums for active
7 employees and for retirees under sixty-five (65) years of age, the
8 Board shall set the monthly premium for active employees to be equal
9 to the monthly premium for retirees under sixty-five (65) years of
10 age; except that the Board may offer retirees under sixty-five (65)
11 years of age the opportunity to voluntarily enroll in an alternative
12 plan of insurance at a rate that is between One Hundred Dollars
13 (\$100.00) less than the monthly premium for active employees and up
14 to One Hundred Dollars (\$100.00) more than the monthly premium for
15 active employees. Retirees under the age of sixty-five (65) who
16 enroll in an alternative plan of insurance shall retain the right to
17 enroll in any other health insurance plan offered by the Board for
18 which they might be qualified during a subsequent open enrollment
19 period.

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

24

1 C. ~~In lieu of electing any of the preceding medical benefit~~
2 ~~plans, a participant may elect medical coverage by any health~~
3 ~~maintenance organization made available to participants by the~~
4 ~~Board. The benefit price of any health maintenance organization~~
5 ~~shall be determined on a competitive bid basis. Contracts for said~~
6 ~~plans shall not be subject to the provisions of The Oklahoma Central~~
7 ~~Purchasing Act. The Board shall promulgate rules establishing~~
8 ~~appropriate competitive bidding criteria and procedures for~~
9 ~~contracts awarded for flexible benefits plans. All plans offered by~~
10 ~~health maintenance organizations meeting the bid requirements as~~
11 ~~determined by the Board shall be accepted. The Board shall have the~~
12 ~~authority to reject the bid or restrict enrollment in any health~~
13 ~~maintenance organization for which the Board determines the benefit~~
14 ~~price to be excessive. The Board shall have the authority to reject~~
15 ~~any plan that does not meet the bid requirements. All bidders shall~~
16 ~~submit along with their bid a notarized, sworn statement as provided~~
17 ~~by Section 85.22 of this title. Effective for the plan year~~
18 ~~beginning January 1, 2007, and for each plan year thereafter, in~~
19 ~~setting health insurance premiums for active employees and for~~
20 ~~retirees under sixty-five (65) years of age, HMOs, self-insured~~
21 ~~organizations and prepaid plans shall set the monthly premium for~~
22 ~~active employees to be equal to the monthly premium for retirees~~
23 ~~under sixty-five (65) years of age.~~

24

1 D. Nothing in this section shall be construed as prohibiting
2 the Board from offering additional qualified benefit plans or
3 currently taxable benefit plans.

4 E. Each employee of a participating employer who meets the
5 eligibility requirements for participation in the flexible benefits
6 plan shall make an annual election of benefits under the plan during
7 an enrollment period to be held prior to the beginning of each plan
8 year. The enrollment period dates will be determined annually and
9 will be announced by the Board, providing the enrollment period
10 shall end no later than thirty (30) days before the beginning of the
11 plan year.

12 Each such employee shall make an irrevocable advance election
13 for the plan year or the remainder thereof pursuant to such
14 procedures as the Board shall prescribe. Any such employee who
15 fails to make a proper election under the plan shall, nevertheless,
16 be a participant in the plan and shall be deemed to have purchased
17 the default benefits described in this section.

18 F. The Board shall prescribe the forms that participants will
19 be required to use in making their elections, and may prescribe
20 deadlines and other procedures for filing the elections.

21 G. Any participant who, in the first year for which he or she
22 is eligible to participate in the plan, fails to make a proper
23 election under the plan in conformance with the procedures set forth
24 in this section or as prescribed by the Board shall be deemed

1 automatically to have purchased the default benefits. The default
2 benefits shall be the same as the basic plan benefits. Any
3 participant who, after having participated in the plan during the
4 previous plan year, fails to make a proper election under the plan
5 in conformance with the procedures set forth in this section or
6 prescribed by the Board, shall be deemed automatically to have
7 purchased the same benefits which the participant purchased in the
8 immediately preceding plan year, except that the participant shall
9 not be deemed to have elected coverage under the health care
10 reimbursement account plan or the dependent care reimbursement
11 account plan.

12 H. Benefit plan contracts with the Board, health maintenance
13 organizations, and other third-party insurance vendors ~~shall~~ may
14 provide for a risk adjustment factor for adverse selection that may
15 occur, as determined by the Board, based on generally accepted
16 actuarial principles.

17 ~~I. 1. For the plan year ending December 31, 2004, employees~~
18 ~~covered or eligible to be covered under the State and Education~~
19 ~~Employees Group Insurance Act and the State Employees Flexible~~
20 ~~Benefits Act who are enrolled in a health maintenance organization~~
21 ~~offering a network in Oklahoma City, shall have the option of~~
22 ~~continuing care with a primary care physician for the remainder of~~
23 ~~the plan year if:~~

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1 a. ~~that primary care physician was part of a provider~~
2 ~~group that was offered to the individual at enrollment~~
3 ~~and later removed from the network of the health~~
4 ~~maintenance organization, for reasons other than for~~
5 ~~cause, and~~

6 b. ~~the individual submits a request in writing to the~~
7 ~~health maintenance organization to continue to have~~
8 ~~access to the primary care physician.~~

9 2. ~~The primary care physician selected by the individual shall~~
10 ~~be required to accept reimbursement for such health care services on~~
11 ~~a fee for service basis only. The fee for service shall be computed~~
12 ~~by the health maintenance organization based on the average of the~~
13 ~~other fee for service contracts of the health maintenance~~
14 ~~organization in the local community. The individual shall only be~~
15 ~~required to pay the primary care physician those co-payments,~~
16 ~~coinsurance and any applicable deductibles in accordance with the~~
17 ~~terms of the agreement between the employer and the health~~
18 ~~maintenance organization and the provider shall not balance bill the~~
19 ~~patient.~~

20 3. ~~Any network offered in Oklahoma City that is terminated~~
21 ~~prior to July 1, 2004, shall notify the health maintenance~~
22 ~~organization, and Oklahoma Employees Insurance and Benefits Board by~~
23 ~~June 11, 2004, of the network's intentions to continue providing~~
24 ~~primary care services as described in paragraph 2 of this subsection~~

1 ~~offered by the health maintenance organization to state and public~~
2 ~~employees.~~

3 SECTION 20. REPEALER 74 O.S. 2011, Sections 1366.1, as
4 amended by Section 977, Chapter 304, O.S.L. 2012 and 1366.2, as
5 amended by Section 978, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
6 2017, Sections 1366.1 and 1366.2), are hereby repealed.

7 SECTION 21. This act shall become effective November 1, 2018.

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9 56-2-10474 AMM 04/25/18

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