

STATE OF OKLAHOMA

2nd Session of the 59th Legislature (2024)

COMMITTEE SUBSTITUTE
FOR

SENATE BILL 1272

By: McCortney of the Senate

and

Sneed of the House

COMMITTEE SUBSTITUTE

An Act relating to the Oklahoma Employees Insurance and Benefits Act; amending 74 O.S. 2021, Section 1312, which relates to the Health and Dental Insurance Reserve Fund; defining term; establishing maximum amount to be deposited into fund; requiring approval by Oklahoma Employees Insurance and Benefits Board for certain administrative changes; directing use of certain excess funds pursuant to certain schedule; requiring notification of certain information to enrollees; requiring reporting; providing contents of report; updating statutory language; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 74 O.S. 2021, Section 1312, is amended to read as follows:

Section 1312. ~~(1)~~ A. Except as otherwise provided by law, all employee and employer contributions, appropriations and dividend payments related to the health and dental plans administered by the Director of the Office of Management and Enterprise Services (OMES)

1 shall be deposited in a fund in the State Treasury which is hereby
2 created and which shall be known as the ~~Health and Dental Insurance~~
3 ~~Reserve Fund~~ "Health and Dental Insurance Reserve Fund". The money
4 in such fund shall be invested by the Oklahoma Employees Insurance
5 and Benefits Board in the manner specified in Section 1305.1 of this
6 title. Investment income of the fund shall be added to the fund.
7 Money payable to the claims administrator and all expenses in
8 connection with the plans shall be paid from the fund. The Board
9 shall have responsibility for management of the fund.

10 ~~(2)~~ B. All monies in the Health and Dental Insurance Reserve
11 Fund that are reserves for the life insurance plan administered by
12 ~~the Office~~ OMES shall be transferred to the Life Insurance Reserve
13 Fund on July 1, 1989.

14 C. 1. For the fiscal year ending June 30, 2025, and each
15 fiscal year thereafter, OMES shall maintain and record the internal
16 benchmark for funds necessary to operate the state-administered
17 plans to be held in the Health and Dental Insurance Reserve Fund.

18 2. For the purposes of this section, "internal benchmark" means
19 the National Association of Insurance Commissioners recommended
20 calculation for risk-based capital plus the previous ten (10) years'
21 average for claims and investment losses.

22 D. 1. Any funds in excess of the limitations set forth in
23 subsection C of this section shall be spent to lower premiums and
24 health insurance costs pursuant to the schedule prescribed in

1 paragraph 2 of this subsection. A clear and concise statement of
2 how cost savings are implemented for the plan year shall be provided
3 to all enrollees.

4 2. Funds in excess of the internal benchmark shall be spent in
5 accordance with paragraph 1 of this subsection pursuant to the
6 following schedule:

7 a. for the plan year beginning January 1, 2025, twenty
8 percent (20%) of the monies exceeding the reported
9 internal benchmark,

10 b. for the plan year beginning January 1, 2026, forty
11 percent (40%) of the monies exceeding the reported
12 internal benchmark,

13 c. for the plan year beginning January 1, 2027, sixty
14 percent (60%) of the monies exceeding the reported
15 internal benchmark,

16 d. for the plan year beginning January 1, 2028, eighty
17 percent (80%) of the monies exceeding the reported
18 internal benchmark, and

19 e. for the plan year beginning January 1, 2029, and each
20 plan year thereafter, one hundred percent (100%) of
21 the monies exceeding the reported internal benchmark.

22 E. Beginning January 1, 2026, and each year thereafter, OMES
23 shall electronically issue an annual report to the President Pro
24 Tempore of the Senate, the Speaker of the House of Representatives,

1 and the Oklahoma Employees Insurance and Benefits Board not later
2 than July 1 containing the following information regarding all
3 state-administered plans:

4 1. Reserve amounts for the previous five (5) fiscal years;

5 2. Current operating expenses;

6 3. Premium rates for enrollees of each plan for the previous
7 five (5) plan years;

8 4. An explanation of all premium decreases, increases, and cost
9 savings realized by enrollees for the current plan year; and

10 5. Any other information deemed necessary by the Board.

11 SECTION 2. This act shall become effective July 1, 2024.

12 SECTION 3. It being immediately necessary for the preservation
13 of the public peace, health or safety, an emergency is hereby
14 declared to exist, by reason whereof this act shall take effect and
15 be in full force from and after its passage and approval.

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