

1 ENGROSSED SENATE
2 BILL NO. 1272

By: McCortney of the Senate

3 and

4 Sneed of the House

5
6 [Oklahoma Employees Insurance and Benefits Act -
7 Reserve Fund - approval - notification - reporting -
effective date -

emergency]

8
9
10 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

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

13 Section 1312. ~~(1)~~ A. Except as otherwise provided by law, all
14 employee and employer contributions, appropriations and dividend
15 payments related to the health and dental plans administered by the
16 Director of the Office of Management and Enterprise Services (OMES)
17 shall be deposited in a fund in the State Treasury which is hereby
18 created and which shall be known as the ~~Health and Dental Insurance~~
19 ~~Reserve Fund~~ "Health and Dental Insurance Reserve Fund". The money
20 in such fund shall be invested by the Oklahoma Employees Insurance
21 and Benefits Board in the manner specified in Section 1305.1 of this
22 title. Investment income of the fund shall be added to the fund.
23 Money payable to the claims administrator and all expenses in
24

1 connection with the plans shall be paid from the fund. The Board
2 shall have responsibility for management of the fund.

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

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

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

15 D. 1. Any funds in excess of the limitations set forth in
16 subsection C of this section shall be spent to lower premiums and
17 health insurance costs pursuant to the schedule prescribed in
18 paragraph 2 of this subsection. A clear and concise statement of
19 how cost savings are implemented for the plan year shall be provided
20 to all enrollees.

21 2. Funds in excess of the internal benchmark shall be spent in
22 accordance with paragraph 1 of this subsection pursuant to the
23 following schedule:

- a. for the plan year beginning January 1, 2025, twenty percent (20%) of the monies exceeding the reported internal benchmark,
- b. for the plan year beginning January 1, 2026, forty percent (40%) of the monies exceeding the reported internal benchmark,
- c. for the plan year beginning January 1, 2027, sixty percent (60%) of the monies exceeding the reported internal benchmark,
- d. for the plan year beginning January 1, 2028, eighty percent (80%) of the monies exceeding the reported internal benchmark, and
- e. for the plan year beginning January 1, 2029, and each plan year thereafter, one hundred percent (100%) of the monies exceeding the reported internal benchmark.

E. Beginning January 1, 2026, and each year thereafter, OMES shall electronically issue an annual report to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Oklahoma Employees Insurance and Benefits Board not later than July 1 containing the following information regarding all state-administered plans:

1. Reserve amounts for the previous five (5) fiscal years;
2. Current operating expenses;

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

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

5. Any other information deemed necessary by the Board.

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

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

Passed the Senate the 14th day of March, 2024.

Presiding Officer of the Senate

Passed the House of Representatives the ____ day of _____,
2024.

Presiding Officer of the House
of Representatives