

1 **SENATE FLOOR VERSION**

2 February 28, 2024

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL NO. 1272

By: McCortney of the Senate

and

Sneed of the House

8
9 [Oklahoma Employees Insurance and Benefits Act -
10 Reserve Fund - approval - notification - reporting -
effective date -

emergency]

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

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

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

1 title. Investment income of the fund shall be added to the fund.
2 Money payable to the claims administrator and all expenses in
3 connection with the plans shall be paid from the fund. The Board
4 shall have responsibility for management of the fund.

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

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

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

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

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

4 a. for the plan year beginning January 1, 2025, twenty
5 percent (20%) of the monies exceeding the reported
6 internal benchmark,

7 b. for the plan year beginning January 1, 2026, forty
8 percent (40%) of the monies exceeding the reported
9 internal benchmark,

10 c. for the plan year beginning January 1, 2027, sixty
11 percent (60%) of the monies exceeding the reported
12 internal benchmark,

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

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

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

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

2 2. Current operating expenses;

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

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

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

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

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

13 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS
14 February 28, 2024 - DO PASS AS AMENDED BY CS
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