

STATE OF OKLAHOMA

2nd Session of the 59th Legislature (2024)

HOUSE BILL 3586

By: Strom

AS INTRODUCED

An Act relating to state employee health insurance; amending 70 O.S. 2021, Section 14-108.1, which relates to health insurance plan for employees; modifying references to entity names; amending 70 O.S. 2021, Section 26-104, which relates to funding to provide flexible benefit allowance; modifying references to entity names; amending 70 O.S. 2021, Section 26-105, which relates to use of flexible benefit allowance; modifying references to entity names; amending 74 O.S. 2021, Section 85.58A, which relates to establishment of comprehensive professional risk management program; modifying references to entity names; amending 74 O.S. 2021, Section 1316.2, which relates to continuance of health and dental insurance benefits; modifying citations; amending 74 O.S. 2021, Section 1321, which relates to determination of rates and benefits; modifying references to entity names; amending 74 O.S. 2021, Section 1332, which relates to establishment of disability insurance program for state employees; modifying references to entity names and updating citations; amending 74 O.S. 2021, Section 1332.1, which relates to collections from state agencies; modifying references to entity names; amending 74 O.S. 2021, Section 1346, which relates to creation of flexible benefit revolving fund; modifying references to entity names; amending 74 O.S. 2021, Section 1370, which relates to flexible benefit dollars in the Oklahoma State Employees Benefits Act; modifying references to entity names; and providing an effective date.

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

3 SECTION 1. AMENDATORY 70 O.S. 2021, Section 14-108.1, is
4 amended to read as follows:

5 A. The board of education of each technology center school
6 district in this state shall provide a health insurance plan for the
7 employees of the technology center school district. Technology
8 center school districts may obtain health and dental insurance
9 coverage as provided for in the ~~State and Education Employees Group~~
10 ~~Insurance~~ Oklahoma Employees Insurance and Benefits Act or may
11 obtain other health insurance coverage. Any technology center
12 district that does not participate in the health and dental
13 insurance plans offered through the ~~State and Education Employees~~
14 ~~Group Insurance~~ Oklahoma Employees Insurance and Benefits Act shall
15 obtain health insurance coverage for the employees which provides
16 open enrollment, and provide for the continuation of health
17 insurance coverage, including supplemental Medicare insurance
18 coverage, for those district employees who retire from said district
19 after September 30, 1991, with a vested benefit in the Teachers'
20 Retirement System of Oklahoma. A retired person who begins
21 receiving benefits from the Teachers' Retirement System of Oklahoma
22 after September 30, 1991, who retires from a technology center
23 school district that provides other health insurance coverage, and
24 who elects to continue said health insurance coverage shall pay to
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1 the technology center school district the premium rate for the
2 health insurance minus an amount equal to the premium rate of the
3 Medicare supplement or the amount determined pursuant to subsection
4 (4) of Section 1316.3 of Title 74 of the Oklahoma Statutes,
5 whichever is less, which shall be paid by the Teachers' Retirement
6 System of Oklahoma to the technology center school district. The
7 technology center school district shall remit to the health
8 insurance coverage provider the total premium due less any
9 uncollected amounts payable from retired technology center school
10 district employees or their qualified survivors.

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

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

1 insurance plans offered through the ~~State and Education Employees~~
2 ~~Group Insurance~~ Oklahoma Employees Insurance and Benefits Act. The
3 election shall be held within thirty (30) days of the filing of the
4 petition. If a majority of those eligible employees voting at the
5 election vote to participate in the health and dental insurance
6 plans offered through the ~~State and Education Employees Group~~
7 ~~Insurance~~ Oklahoma Employees Insurance and Benefits Act, the board
8 of education of the technology center school district shall apply
9 for such participation within thirty (30) days of the election.

10 D. If a technology center school district does not have any
11 health insurance coverage of the type required by this section, that
12 technology center school district shall immediately be enrolled in
13 the health and dental insurance plans offered through the ~~State and~~
14 ~~Education Employees Group Insurance~~ Oklahoma Employees Insurance and
15 Benefits Act.

16 E. A carrier providing health insurance coverage for employees
17 of a technology center school district health insurance group which
18 replaces a previous carrier for such technology center school
19 district employees shall provide coverage for each retired employee
20 who is receiving a benefit or terminates employment with a vested
21 benefit from the Teachers' Retirement System of Oklahoma and who is
22 enrolled in the health insurance group by the previous carrier at
23 the time the previous carrier providing health insurance coverage is
24 replaced. Notwithstanding any provision in this section to the
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1 contrary, any person who retires pursuant to the provisions of the
2 Teachers' Retirement System of Oklahoma prior to May 1, 1993, or
3 terminates service with a vested benefit, pursuant to the provisions
4 of the Teachers' Retirement System of Oklahoma prior to May 1, 1993,
5 may continue to participate in the health and dental plans
6 authorized by the provisions of the ~~State and Education Employees~~
7 ~~Group Insurance~~ Oklahoma Employees Insurance and Benefits Act.

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

21 SECTION 2. AMENDATORY 70 O.S. 2021, Section 26-104, is
22 amended to read as follows:

23 A. Each fiscal year, the Legislature shall appropriate adequate
24 funding to the State Board of Education and the State Board of
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1 Career and Technology Education for the purpose of providing a
2 flexible benefit allowance to school district employees pursuant to
3 this act. Unless the Legislature appropriates adequate funding
4 specifically for the purpose of providing a flexible benefit
5 allowance to school district employees, the Oklahoma State Board of
6 Education shall allocate from the funds appropriated to the Oklahoma
7 State Board of Education for the support of public school activities
8 an amount to fully fund the flexible benefit allowance, which shall
9 occur first prior to allocating the funds for any other purpose.
10 The amount appropriated for funding and disbursed to school
11 districts shall be calculated by multiplying the number of eligible
12 school district employees employed by school districts which are
13 participating in the health insurance plan offered by the ~~State and~~
14 ~~Education Employees Group Insurance~~ Oklahoma Employees Insurance and
15 Benefits Board or are self-insured as counted in February of each
16 year by the amount of the flexible benefit allowance credited to the
17 eligible school employees as established in Section 26-105 of this
18 title. Each Board shall disburse the total amount appropriated for
19 funding the flexible benefit allowance to school districts during
20 the fiscal year. From the total amount appropriated, each Board
21 shall disburse the appropriate amounts, based on the number of
22 eligible school district employees employed by that school district,
23 to each school district.

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1 B. Every school district shall establish or make available to
2 school district employees a cafeteria plan pursuant to 26 U.S.C.
3 Section 125 of the United States Code. The plan shall offer, as a
4 benefit, major medical health care plan coverage.

5 C. The flexible benefit allowance amount established pursuant
6 to Section 26-105 of this title shall be credited to each eligible
7 school district employee. School district employees shall elect
8 whether to use the flexible benefit allowance to pay for coverage in
9 the health insurance plan offered by the ~~State and Education~~
10 ~~Employees Group Insurance~~ Oklahoma Employees Insurance and Benefits
11 Board or the self-insured plan offered by the school district and
12 may receive the excess flexible benefit allowance as taxable
13 compensation as provided in Section 26-105 of this title.

14 D. The administrator of the cafeteria plan shall maintain a
15 separate account for each participating school district employee.
16 School districts shall forward the school district employee flexible
17 benefit allowance amounts to the administrator for elected purchases
18 of cafeteria plan benefits.

19 E. Expenses included in an employee's salary adjustment
20 agreement pursuant to the cafeteria plan shall be limited to
21 expenses for:

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

3 2. All other eligible benefit programs offered under 26 U.S.C.
4 Section 125 of the United States Code.

5 F. The flexible benefit allowance amount established in Section
6 26-105 of this title shall not be included as income in computation
7 of state retirement contributions and benefits or as part of the
8 Minimum Salary Schedule for teachers established in Section 18-
9 114.12 of this title. School districts shall not consider the
10 flexible benefit allowance amount as income for eligible support
11 employees and thereby shall not reduce the salary of an eligible
12 support employee.

13 SECTION 3. AMENDATORY 70 O.S. 2021, Section 26-105, is
14 amended to read as follows:

15 A. The flexible benefit allowance shall be used by a school
16 district employee who is participating in the cafeteria plan to
17 purchase major medical health care plan coverage offered by the
18 school district through a cafeteria plan. Any excess flexible
19 benefit allowance over the cost of the major medical coverage
20 purchased by the employee who is participating in the cafeteria plan
21 may be used to purchase any of the additional benefits offered by
22 the school district or may be taken as taxable compensation as
23 provided in subsection C of this section. Certified personnel who
24 choose not to participate in the school-district-sponsored cafeteria
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1 plan shall receive Sixty-nine Dollars and seventy-one cents (\$69.71)
2 per month as taxable compensation in lieu of the flexible benefit
3 allowance amount provided in subsection B of this section. Support
4 personnel who choose not to participate in the school-district-
5 sponsored cafeteria plan shall receive One Hundred Eighty-nine
6 Dollars and sixty-nine cents (\$189.69) per month as taxable
7 compensation in lieu of the flexible benefit allowance amount
8 provided in subsection B of this section.

9 B. Each eligible school district employee shall be credited
10 annually with a specified amount as a flexible benefit allowance
11 which shall be available for the purchase of benefits. The amount
12 of the flexible benefit allowance credited to each eligible school
13 district employee shall be communicated to the employee prior to the
14 enrollment period for each plan year.

15 1. For the fiscal year ending June 30, 2002, the flexible
16 benefit allowance amount for certified personnel shall be no less
17 than Sixty-nine Dollars and seventy-one cents (\$69.71) per month.
18 For the fiscal year ending June 30, 2002, the flexible benefit
19 allowance amount for support personnel shall be no less than One
20 Hundred Eighty-nine Dollars and sixty-nine cents (\$189.69) per
21 month.

22 2. For the fiscal year ending June 30, 2004, the flexible
23 benefit allowance amount for certified personnel shall be no less
24 than fifty-eight percent (58%) of the premium amount for the
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1 HealthChoice (Hi) option plan for an individual offered by the ~~State~~
2 ~~and Education Employees Group Insurance~~ Oklahoma Employees Insurance
3 and Benefits Board. For the fiscal year ending June 30, 2003, and
4 each fiscal year thereafter, the flexible benefit allowance amount
5 for support personnel shall be no less than one hundred percent
6 (100%) of the premium amount for the HealthChoice (Hi) option plan
7 for an individual offered by the ~~State and Education Employees Group~~
8 ~~Insurance~~ Oklahoma Employees Insurance and Benefits Board.

9 3. For the fiscal year ending June 30, 2005, and each fiscal
10 year thereafter, the flexible benefit allowance amount for certified
11 personnel shall be no less than one hundred percent (100%) of the
12 premium amount for the HealthChoice (Hi) option plan for an
13 individual offered by the ~~State and Education Employees Group~~
14 ~~Insurance~~ Oklahoma Employees Insurance and Benefits Board.

15 C. If a school district employee who is participating in the
16 cafeteria plan elects benefits whose sum total is less than the
17 flexible benefit allowance, the employee shall receive any excess
18 flexible benefit allowance as taxable compensation. Such taxable
19 compensation shall be paid in substantially equal amounts each pay
20 period over the plan year. Except as otherwise provided for in
21 subsection D of this section, on termination during a plan year, a
22 participating school district employee shall have no right to
23 receive any taxable cash compensation allocated to the portion of
24 the plan year after the termination of the employee.

1 D. In cases where the employee of a school district fulfills
2 the terms of their contract and terminates employment for the
3 subsequent year, the employee shall be entitled to the flexible
4 benefit allowance for the remainder of the current benefit term.
5 For purposes of this subsection, "benefit term" shall mean the
6 twelve-month period after the initiation of benefits for the
7 position held by the employee.

8 E. Each school district employee shall make an annual election
9 of benefits under the plan during an enrollment period to be held
10 prior to the beginning of each plan year. The enrollment period
11 dates will be determined annually and will be announced by the
12 school district, providing the enrollment period shall end no later
13 than thirty (30) days before the beginning of the plan year. Each
14 school district employee shall make an irrevocable advance election
15 for the plan year or the remainder of the plan year pursuant to
16 procedures the school district shall prescribe.

17 F. The school district shall prescribe the forms that school
18 district employees shall be required to use in making their
19 elections, and may prescribe deadlines and other procedures for
20 filing the elections.

21 G. School district employees hired after the closing of the
22 enrollment period shall be allowed to make an election as provided
23 in this act.
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1 H. A district board of education shall have the option of
2 providing a flexible benefit allowance to the superintendent of the
3 school district in an amount not more than the amount of the
4 flexible benefit allowance established for certified personnel in
5 subsection B of this section. Funding for the flexible benefit
6 allowance for a superintendent shall be provided through local
7 revenue.

8 SECTION 4. AMENDATORY 74 O.S. 2021, Section 85.58A, is
9 amended to read as follows:

10 A. The Office of Management and Enterprise Services (OMES)
11 shall establish for all state agencies, whether or not subject to
12 the Oklahoma Central Purchasing Act, and other entities as provided
13 by law a comprehensive professional risk management program which
14 shall:

15 1. Identify and evaluate risks of loss and exposures to loss to
16 officers, employees and properties;

17 2. Minimize risks through loss-prevention and loss-control
18 programs;

19 3. Transfer risks, if economically advantageous to the state,
20 by acquiring commercial insurance, contractual pass through of
21 liability, or by other means;

22 4. Consolidate and administer risk management plans and
23 programs including self-insurance programs, except State Employees
24 Group Insurance;

1 5. Determine feasibility of and, if feasible, establish self-
2 insurance programs, considering whether a program may be self-
3 supporting to remain financially and actuarially sound;

4 6. Provide a system to allocate insurance and program costs to
5 determine payment for insurance coverage and program expenses
6 provided by the Office of Management and Enterprise Services;

7 7. When requested by a state retirement system or the ~~State and~~
8 ~~Education Employees Group Insurance~~ Oklahoma Employees Insurance and
9 Benefits Board, assist in obtaining insurance authorized by law. If
10 requested by the Oklahoma State Regents for Higher Education, assist
11 trust funds for which the State Regents serve as trustees in
12 obtaining insurance authorized by law;

13 8. Assist state agencies and officers, employees, and members
14 thereof, charged with licensing authority, in obtaining insurance
15 for liability for judgments, based on the licensing authority,
16 rendered by any court pursuant to federal law;

17 9. When requested by a public trust established pursuant to
18 Title 60 of the Oklahoma Statutes of which the State of Oklahoma is
19 the beneficiary, obtain, provide or assist the public trust in
20 obtaining insurance authorized by law or trust indenture covering
21 any board member, trustee, official, officer, employee or volunteer
22 for errors and omissions or liability risks arising from the
23 performance of official duties pursuant to law or trust indenture;

1 10. When requested by the Oklahoma State Regents for Higher
2 Education, for the purpose of insuring real property required
3 pursuant to Section 4018 of Title 70 of the Oklahoma Statutes, of
4 which the Oklahoma State Regents for Higher Education is the
5 beneficiary, obtain, provide or assist the Oklahoma State Regents
6 for Higher Education in obtaining insurance for the real property
7 pursuant to the provisions of this section; and

8 11. Authorize the Risk Management Administrator to declare an
9 emergency for the purpose of mitigating damages to any state-owned
10 property insured under the comprehensive professional risk
11 management program administered by OMES.

12 B. The Director of the Office of Management and Enterprise
13 Services may hire or contract for the services of a Risk Management
14 Administrator to supervise the Comprehensive Professional Risk
15 Management Program established pursuant to this section. If
16 appointed by the Director as a state employee, the Risk Management
17 Administrator shall be in the unclassified service.

18 C. The Risk Management Administrator shall evaluate insurance
19 coverage needs and in force for state agencies, whether or not
20 subject to the Oklahoma Central Purchasing Act, and other entities
21 as provided by law. All entities shall submit to the Risk
22 Management Administrator all information which the Risk Management
23 Administrator deems necessary to perform this duty.

1 D. The Risk Management Administrator in conjunction with the
2 State Purchasing Director under the authority of the Director of the
3 Office of Management and Enterprise Services may negotiate insurance
4 coverage and insurance-related services including, but not limited
5 to, insurance brokerage and consulting services. The State
6 Purchasing Director shall ensure open processes for solicitation and
7 qualification of insurance coverage and services providers. The
8 State Purchasing Director shall award contracts for insurance
9 coverage and services to the provider or providers which offer the
10 best and final terms and conditions. The State Purchasing Director
11 may authorize the Risk Management Administrator to bind for
12 insurance coverage with providers.

13 E. The school districts of this state may request the Risk
14 Management Administrator to advise for the purchase of insurance
15 coverage for the school districts.

16 F. A state agency, whether or not subject to the Oklahoma
17 Central Purchasing Act, that contemplates purchase of property and
18 casualty insurance, shall provide details of the proposed purchase
19 to the Risk Management Administrator for approval or disapproval
20 prior to the purchase.

21 G. The Director of the Office of Management and Enterprise
22 Services shall promulgate rules to effect the provisions of the
23 comprehensive professional risk management program.

1 H. 1. a. Any community action agency established pursuant to
2 Sections 5035 through 5040 of this title may
3 participate in the comprehensive professional risk
4 management program established pursuant to this
5 section for risks incurred as a result of operating a
6 Head Start program or providing transportation
7 services to the public. The Risk Management
8 Administrator shall obtain or provide for insurance
9 coverage for such community action agencies or bonding
10 for employees of such community action agencies. Any
11 liability insurance coverage obtained or provided
12 shall include expenses for administrative and legal
13 services obtained or provided by the Risk Management
14 Administrator.

15 b. The Risk Management Administrator shall determine
16 criteria for participation in the risk management
17 program by such community action agencies. In
18 addition, the Risk Management Administrator may
19 require each such community action agency to:

- 20 (1) provide adequate qualified personnel and suitable
21 facilities and equipment for operating a Head
22 Start program or providing transportation
23 services to the public, and
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1 (2) comply with such standards as are necessary for
2 the protection of the clients it serves.

3 2. To receive coverage pursuant to this section, a community
4 action agency shall make payments for any insurance coverage and
5 shall otherwise comply with the provisions of this section and rules
6 promulgated by the Office pursuant to the provisions of this
7 section.

8 3. Requests for the insurance coverage provided pursuant to the
9 provisions of this subsection shall be submitted in writing to the
10 Risk Management Administrator by the community action agencies.

11 I. The Risk Management Administrator may provide or obtain for
12 any state agency, public trust with the state as a beneficiary and a
13 director, officer, employee or member thereof, insurance for
14 liability for loss, including judgments, awards, settlements, costs
15 and legal expenses, resulting from violations of rights or
16 privileges secured by the Constitution or laws of the United States
17 of America which occur while a director, officer, employee or member
18 is acting within the scope of service to the State of Oklahoma. The
19 insurance shall be for coverage in excess of the limits on liability
20 established by The Governmental Tort Claims Act but shall not limit
21 or waive any immunities now or hereafter available to the State of
22 Oklahoma or any state agency, any public trust with the state as a
23 beneficiary, or any director, officer, employee or member thereof
24 including, but not limited to, any immunities under the Eleventh
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1 Amendment to the Constitution of the United States, state sovereign
2 immunity, and any absolute or qualified immunity held by any
3 director, officer, employee or member.

4 SECTION 5. AMENDATORY 74 O.S. 2021, Section 1316.2, is
5 amended to read as follows:

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

18 B. 1. Health insurance benefit plans offered pursuant to this
19 section shall include:

- 20 a. indemnity plans offered through the Office,
- 21 b. managed care plans offered as alternatives to the
22 indemnity plans offered through the Office,
- 23 c. Medicare supplements offered pursuant to the Oklahoma
24 Employees Insurance and Benefits Act,

- 1 d. Medicare risk-sharing contracts offered as
2 alternatives to the Medicare supplements offered
3 through the Office. All Medicare risk-sharing
4 contracts shall be subject to a risk adjustment
5 factor, based on generally accepted actuarial
6 principles for adverse selection which may occur, and
7 e. for the Oklahoma Public Employees Retirement System,
8 other employer-provided health insurance benefit plans
9 if the employer does not participate in the plans
10 offered pursuant to the Oklahoma Employees Insurance
11 and Benefits Act.

12 2. Health insurance benefit plans offered pursuant to this
13 section shall provide prescription drug benefits, except for plans
14 designed pursuant to the Medicare Prescription Drug Improvement and
15 Modernization Act ~~of 2003~~, pursuant to 42 USCA Section 1395w-101, et
16 seq., for which provision of prescription drug benefits is optional,
17 and except for plans offered pursuant to subparagraph e of paragraph
18 1 of this subsection.

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

- 23 a. a retired employee, other than an education employee
24 or an employee who participates in the defined
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1 contribution system administered by the Oklahoma
2 Public Employees Retirement System on or after
3 November 1, 2015, who is receiving benefits from the
4 Oklahoma Public Employees Retirement System after
5 September 30, 1988, shall have One Hundred Five
6 Dollars (\$105.00), or the premium rate of the health
7 insurance benefit plan, whichever is less, paid by the
8 Oklahoma Public Employees Retirement System to the
9 Board or to another insurance carrier or other
10 qualified benefits administrator of the employer if
11 the employer does not participate in the plans offered
12 by the Office in the manner specified in subsection G
13 of this section,

14 b. a retired employee or surviving spouse other than an
15 education employee who is receiving benefits from the
16 Oklahoma Law Enforcement Retirement System after
17 September 30, 1988, is under sixty-five (65) years of
18 age and is not otherwise eligible for Medicare shall
19 have the premium rate for the health insurance benefit
20 plan or One Hundred Five Dollars (\$105.00), whichever
21 is less, paid by the Oklahoma Law Enforcement
22 Retirement System to the Office in the manner
23 specified in subsection G of this section,
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- 1 c. a retired employee other than an education employee
2 who is receiving benefits from the Oklahoma Law
3 Enforcement Retirement System after September 30,
4 1988, is sixty-five (65) years of age or older or who
5 is under sixty-five (65) years of age and is eligible
6 for Medicare shall have One Hundred Five Dollars
7 (\$105.00), or the premium rate of the health insurance
8 benefit plan, whichever is less, paid by the Oklahoma
9 Law Enforcement Retirement System to the Office in the
10 manner specified in subsection G of this section, and
11 d. a retired employee other than an education employee
12 who is receiving benefits from the Uniform Retirement
13 System for Justices and Judges after September 30,
14 1988, shall have One Hundred Five Dollars (\$105.00),
15 or the premium rate of the health insurance plan,
16 whichever is less, paid by the Uniform Retirement
17 System for Justices and Judges to the Office in the
18 manner specified in subsection G of this section.

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

- 21 a. the health plan shall be authorized by the provisions
22 of the Oklahoma Employees Insurance and Benefits Act,
23 except that if an employer from which an employee
24 retired or with a vested benefit pursuant to the
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1 provisions of the Oklahoma Public Employees Retirement
2 System does not participate in the plans authorized by
3 the provisions of the Oklahoma Employees Insurance and
4 Benefits Act, the health plan will be the health
5 insurance benefits of the employer from which the
6 individual retired or vested,

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

14 c. for all plans, if the amount paid by the public
15 retirement system does not cover the full cost of the
16 elected coverage, the individual shall pay the
17 remaining premium amount, and

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

20 D. For any member of the Oklahoma Law Enforcement Retirement
21 System killed in the line of duty, whether the member was killed in
22 the line of duty prior to May 18, 2005, or on or after May 18, 2005,
23 or if the member was on a disability leave status at the time of
24 death, the surviving spouse or dependents of such deceased member of
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1 the Oklahoma Law Enforcement Retirement System may elect to continue
2 or commence health and dental insurance benefits, provided the
3 dependents pay the full cost of such insurance, and for deaths
4 occurring on or after July 1, 2002, such election is made within
5 thirty (30) days of the date of death. The eligibility for the
6 benefits shall terminate for the surviving children when the
7 children cease to qualify as dependents.

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

21 F. Dependents of a deceased employee who was on active work
22 status or on a disability leave at the time of death or of a
23 participating retardant or of any person who has elected to receive
24 a vested benefit under the Oklahoma Public Employees Retirement
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1 System, the Uniform Retirement System for Justices and Judges or the
2 Oklahoma Law Enforcement Retirement System may continue the health
3 and dental insurance benefits in force, provided the dependents pay
4 the full cost of such insurance and they were covered as eligible
5 dependents at the time of such death and such election is made
6 within thirty (30) days of date of death. The eligibility for the
7 benefits shall terminate for the surviving children when the
8 children cease to qualify as dependents.

9 G. The amounts required to be paid by the Oklahoma Public
10 Employees Retirement System, the Uniform Retirement System for
11 Justices and Judges and the Oklahoma Law Enforcement Retirement
12 System pursuant to this section shall be forwarded no later than the
13 tenth day of each month following the month for which payment is due
14 by the Oklahoma Public Employees Retirement System Board of Trustees
15 or the Oklahoma Law Enforcement Retirement Board to the Office for
16 deposit in the Health, Dental and Life Insurance Reserve Fund or to
17 another insurance carrier or other administrator of qualified
18 benefits of the employer as provided for in subsection H of Section
19 1315 of this title.

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

15 SECTION 6. AMENDATORY 74 O.S. 2021, Section 1321, is
16 amended to read as follows:

17 A. The Office of Management and Enterprise Services shall have
18 the authority to determine all rates and life, dental and health
19 benefits. All rates shall be compiled in a comprehensive Schedule
20 of Benefits. The Schedule of Benefits shall be available for
21 inspection during regular business hours at the Office of Management
22 and Enterprise Services. The Office shall have the authority to
23 annually adjust the rates and benefits based on claim experience.
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1 B. The premiums for such insurance plans offered for the next
2 plan year shall be established as follows:

3 1. For active employees and their dependents, the Office's
4 premium determination shall be made no later than the bid submission
5 date for health maintenance organizations set by the ~~Oklahoma State~~
6 ~~Employees Benefits Council~~ Oklahoma Employees Insurance and Benefits
7 Board, which shall be set in August no later than the third Friday
8 of that month; and

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

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

20 SECTION 7. AMENDATORY 74 O.S. 2021, Section 1332, is
21 amended to read as follows:

22 A. The ~~State and Education Employees Group Insurance~~ Oklahoma
23 Employee Insurance Benefit Board shall establish a Disability
24 Insurance Program for state employees. The program shall consist of
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1 a long-term disability plan and a short-term disability plan.

2 Participation in the program shall be limited to state employees who
3 have been state employees for a period of not less than one (1)
4 month and who are eligible for enrollment in the Health Insurance
5 Plan administered by the Board. No state employee shall be eligible
6 to receive any benefits from the long-term disability program unless
7 the state employee has used all of the sick leave of the employee.
8 The Board shall promulgate such rules as are necessary for adoption
9 and administration of the Disability Insurance Program, including
10 but not limited to benefit eligibility requirements, methods for
11 computing benefit amounts, benefits amounts, and verification of
12 medical and health status of employees applying for or receiving
13 benefits.

14 B. The Disability Insurance Program shall be funded from
15 appropriations made by the Legislature. Employees shall not be
16 required to make contributions to participate in the program.

17 C. Employee disability insurance coverage shall begin on March
18 1, 1986.

19 D. The Board shall establish a grievance procedure by which a
20 three-member grievance panel established in the same manner as
21 specified in ~~paragraph 6 of Section 1306~~ Section 1304.1 of this
22 title shall act as an appeals body for complaints regarding the
23 allowance and payment of claims, eligibility, and other matters.
24 The grievance procedure provided by this subsection shall be the
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1 exclusive remedy available to persons having complaints against the
2 insurer. Such grievance procedure shall be subject to the Oklahoma
3 Administrative Procedures Act, including provisions for the review
4 of agency decisions by the district court. The grievance panel
5 shall schedule a hearing regarding the allowance and payment of
6 claims, eligibility and other matters within sixty (60) days from
7 the date the grievance panel receives a written request for a
8 hearing. Upon written request to the grievance panel received not
9 less than ten (10) days before the hearing date, the grievance panel
10 shall cause a full stenographic record of the proceedings to be made
11 by a licensed or certified court reporter at the insured employee's
12 expense.

13 E. The Board may establish a claim processing division for
14 claims administration or may contract for claims administration
15 services with a private insurance carrier or a company that
16 specializes in claims administration of any insurance that the Board
17 may be directed to offer.

18 SECTION 8. AMENDATORY 74 O.S. 2021, Section 1332.1, is
19 amended to read as follows:

20 A. ~~The State and Education Employees Group Insurance~~ Oklahoma
21 Employees Insurance and Benefits Board shall collect from state
22 agencies each month, the premium amount, as determined by the Board,
23 for each employee of a state agency that participates in the
24 Disability Insurance Program. Said sum shall be deposited in the
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1 State Employees Disability Insurance Reserve Fund for use in
2 accordance with law.

3 B. ~~The State and Education Employees Group Insurance~~ Oklahoma
4 Employees Insurance and Benefits Board shall submit a monthly
5 statement of the revenues and disbursements of the Disability
6 Insurance Program to the Governor, the Speaker of the House of
7 Representatives, the President Pro Tempore of the Senate and the
8 Legislative Service Bureau. The Legislative Service Bureau shall
9 distribute copies of such monthly statements to the fiscal staff of
10 the House of Representatives and the State Senate.

11 C. On or before March 1 of each year, the ~~State and Education~~
12 ~~Employees Group Insurance~~ Oklahoma Employees Insurance and Benefits
13 Board shall submit a report of the actuarially-determined future
14 needs of the Disability Insurance Program. Said report shall be
15 submitted and distributed as provided for in subsection B of this
16 section.

17 D. The Board shall provide for the continuation of dependent
18 health coverage to disability recipients for that period of time
19 when the employee is qualified as disabled but not yet received
20 disability benefit income.

21 E. The Board shall deduct all dependent health coverage
22 premiums due and owing from the first retroactive disability payment
23 and each payment thereafter.

1 SECTION 9. AMENDATORY 74 O.S. 2021, Section 1346, is

2 amended to read as follows:

3 There is hereby created in the State Treasury a revolving fund
4 for the ~~State and Education Employees Group Insurance~~ Oklahoma
5 Employees Insurance and Benefits Board to be designated the
6 "Flexible Benefit Revolving Fund". The fund shall be a continuing
7 fund, not subject to fiscal year limitations, and shall consist of
8 employee payroll deductions and contributions for flexible spending
9 accounts. All monies accruing to the credit of said fund are hereby
10 appropriated and may be budgeted and expended by the ~~State and~~
11 ~~Education Employees Group Insurance~~ Oklahoma Employees Insurance and
12 Benefits Board for expenses of the state employees flexible benefits
13 plan and for expenses authorized by law. The ~~State and Education~~
14 ~~Employees Group Insurance~~ Oklahoma Employees Insurance and Benefits
15 Board is authorized to pay employee claim costs associated with the
16 state employees flexible benefits plan from monies accrued for said
17 purpose. Expenditures from said funds shall be pursuant to the laws
18 of the state and statutes relating to the state employees flexible
19 benefits plan.

20 SECTION 10. AMENDATORY 74 O.S. 2021, Section 1370, is

21 amended to read as follows:

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

16 B. Each participant shall be credited annually with a specified
17 amount as a flexible benefit allowance which shall be available for
18 the purchase of benefits. For participants on a biweekly payroll
19 system the disbursement of the flexible benefit allowance shall be
20 credited over twenty-four pay periods resulting in two pay periods
21 that do not reflect a credit. The amount of the flexible benefit
22 allowance credited to each participant shall be communicated to him
23 or her prior to the enrollment period for each plan year.

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

7 1. The greater of the amount of benefit which the participant
8 would have qualified for as of plan year 2021, or an amount equal to
9 the monthly premium of the HealthChoice High Option plan, the
10 average monthly premiums of the dental plans, the monthly premium of
11 the disability plan, and the monthly premium of the basic life
12 insurance plan offered to state employees or the amount determined
13 by the Council based on a formula for determining a participant's
14 benefit credits consistent with the requirements of 26 U.S.C.,
15 Section 125(g) (2) and regulations thereunder;

16 2. The greater of the amount of benefit which the participant
17 would have qualified for as of plan year 2021 or an amount equal to
18 the monthly premium of the HealthChoice High Option plan, the
19 average monthly premiums of the dental plans, the monthly premium of
20 the disability plan, and the monthly premium of the basic life
21 insurance plan offered to state employees plus one of the additional
22 amounts as follows for participants who elect to include one or more
23 dependents:
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- a. for a spouse, seventy-five percent (75%) of the HealthChoice High Option plan, available for coverage of a spouse,
- b. for one child, seventy-five percent (75%) of the HealthChoice High Option plan, for coverage of one child,
- c. for two or more children, seventy-five percent (75%) of the HealthChoice High Option plan, for coverage of two or more children,
- d. for a spouse and one child, seventy-five percent (75%) of the HealthChoice High Option plan, for coverage of a spouse and one child, or
- e. for a spouse and two or more children, seventy-five percent (75%) of the HealthChoice High Option plan, for coverage of a spouse and two or more children;

3. For the plan year beginning January 1, 2022, the amount of a participant's benefit allowance shall be increased by two percent (2%) from the amount provided in the previous year;

4. For the plan year beginning January 1, 2023, the amount of a participant's benefit allowance shall be increased by two percent (2%) from the amount provided in the previous year; or

5. The greater of the amount of benefit which the participant would have qualified for as of plan year 2023, or an amount equal to the monthly premium of the HealthChoice High Option plan, the

1 average monthly premiums of the dental plans, the monthly premium of
2 the disability plan and the monthly premium of the basic life
3 insurance plan offered to state employees plus one of the additional
4 amounts as follows for participants who elect to include one or more
5 dependents:

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

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

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

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

8 3. The employee's participation in the plan is completely
9 voluntary.

10 The benefit allowance under paragraph 2 of subsection C of this
11 section of an employee whose plan participation includes a group
12 TRICARE Supplemental benefit shall not include any allowance or
13 portion thereof for such TRICARE Supplemental benefit.

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

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

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

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SECTION 11. This act shall become effective November 1, 2024.

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