

An Act

ENROLLED HOUSE
BILL NO. 3586

By: Strom of the House

and

Garvin of the Senate

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; repealing 74 O.S. 2021, Section 1329.1, which relates to mutual accountability incentive pilot program; repealing 74 O.S. 2021, Sections 1381, 1382, 1383, and 1384, which relate to the Wellness Program Act; and providing an effective date.

SUBJECT: State employee health

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

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

Section 14-108.1 A. The board of education of each technology center school district in this state shall provide a health insurance plan for the employees of the technology center school district. Technology center school districts may obtain health and dental insurance coverage as provided for in the ~~State and Education Employees Group Insurance~~ Oklahoma Employees Insurance and Benefits Act or may obtain other health insurance coverage. Any technology center district that does not participate in the health and dental insurance plans offered through the ~~State and Education Employees Group Insurance~~ Oklahoma Employees Insurance and Benefits Act shall obtain health insurance coverage for the employees which provides open enrollment, and provide for the continuation of health insurance coverage, including supplemental Medicare insurance coverage, for those district employees who retire from said district after September 30, 1991, with a vested benefit in the Teachers' Retirement System of Oklahoma. A retired person who begins receiving benefits from the Teachers' Retirement System of Oklahoma after September 30, 1991, who retires from a technology center school district that provides other health insurance coverage, and who elects to continue said health insurance coverage shall pay to the technology center school district the premium rate for the health insurance minus an amount equal to the premium rate of the Medicare supplement or the amount determined pursuant to subsection (4) of Section 1316.3 of Title 74 of the Oklahoma Statutes, whichever is less, which shall be paid by the Teachers' Retirement System of Oklahoma to the technology center school district. The technology center school district shall remit to the health insurance coverage provider the total premium due less any uncollected amounts payable from retired technology center school district employees or their qualified survivors.

B. A technology center school district that participates in health insurance coverage other than the health insurance plan offered by the ~~State and Education Employees Group Insurance~~ Oklahoma Employees Insurance and Benefits Act shall not be required to pay any portion of the premium for the employees or the dependents of the employees of said school district. Unless a school district negotiates an agreement with its employees regarding

health insurance pursuant to Sections 509.1 through 509.9 of this title, and to the extent that the agreement provides for the members of the recognized bargaining unit, a technology center school district that participates in health insurance coverage other than the health insurance plan offered by the ~~State and Education Employees Group Insurance~~ Oklahoma Employees Insurance and Benefits Act is prohibited from acquiring additional or supplemental health or dental insurance for any board member, superintendent or any other employee which is not available to all employees of said district, and said technology center school district shall not pay a greater portion of the employee or dependent premium for any health or dental insurance plan or plans provided by said technology center school district on behalf of any board member, superintendent or employee than that portion paid on behalf of all participating employees of said district.

C. If a technology center school district obtains health insurance coverage from a source other than through the ~~State and Education Employees Group Insurance~~ Oklahoma Employees Insurance and Benefits Act, the employees of the technology center school district who would be eligible to participate in the health and dental plans may require the board of education of the technology center school district to call an election to allow said employees to vote as to whether the technology center school district shall participate in the health and dental insurance plans offered through the ~~State and Education Employees Group Insurance~~ Oklahoma Employees Insurance and Benefits Act. Upon the filing with the board of education of a petition calling for such an election which is signed by no less than thirty percent (30%) of the eligible employees of the technology center school district, the board of education shall call an election for the purpose of determining whether the technology center school district shall participate in the health and dental insurance plans offered through the ~~State and Education Employees Group Insurance~~ Oklahoma Employees Insurance and Benefits Act. The election shall be held within thirty (30) days of the filing of the petition. If a majority of those eligible employees voting at the election vote to participate in the health and dental insurance plans offered through the ~~State and Education Employees Group Insurance~~ Oklahoma Employees Insurance and Benefits Act, the board of education of the technology center school district shall apply for such participation within thirty (30) days of the election.

D. If a technology center school district does not have any health insurance coverage of the type required by this section, that technology center school district shall immediately be enrolled in

the health and dental insurance plans offered through the ~~State and Education Employees Group Insurance~~ Oklahoma Employees Insurance and Benefits Act.

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

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

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

Section 26-104. A. Each fiscal year, the Legislature shall appropriate adequate funding to the State Board of Education and the State Board of Career and Technology Education for the purpose of providing a flexible benefit allowance to school district employees pursuant to this act. Unless the Legislature appropriates adequate funding specifically for the purpose of providing a flexible benefit allowance to school district employees, the Oklahoma State Board of

Education shall allocate from the funds appropriated to the Oklahoma State Board of Education for the support of public school activities an amount to fully fund the flexible benefit allowance, which shall occur first prior to allocating the funds for any other purpose. The amount appropriated for funding and disbursed to school districts shall be calculated by multiplying the number of eligible school district employees employed by school districts which are participating in the health insurance plan offered by the ~~State and Education Employees Group Insurance~~ Oklahoma Employees Insurance and Benefits Board or are self-insured as counted in February of each year by the amount of the flexible benefit allowance credited to the eligible school employees as established in Section 26-105 of this title. Each Board shall disburse the total amount appropriated for funding the flexible benefit allowance to school districts during the fiscal year. From the total amount appropriated, each Board shall disburse the appropriate amounts, based on the number of eligible school district employees employed by that school district, to each school district.

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

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

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

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

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

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

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

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

Section 26-105. A. The flexible benefit allowance shall be used by a school district employee who is participating in the cafeteria plan to purchase major medical health care plan coverage offered by the school district through a cafeteria plan. Any excess flexible benefit allowance over the cost of the major medical coverage purchased by the employee who is participating in the cafeteria plan may be used to purchase any of the additional benefits offered by the school district or may be taken as taxable compensation as provided in subsection C of this section. Certified personnel who choose not to participate in the school-district-sponsored cafeteria plan shall receive Sixty-nine Dollars and seventy-one cents (\$69.71) per month as taxable compensation in lieu of the flexible benefit allowance amount provided in subsection B of this section. Support personnel who choose not to participate in the school-district-sponsored cafeteria plan shall receive One Hundred Eighty-nine Dollars and sixty-nine cents (\$189.69) per month as taxable compensation in lieu of the flexible benefit allowance amount provided in subsection B of this section.

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

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

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

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

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

D. In cases where the employee of a school district fulfills the terms of their contract and terminates employment for the subsequent year, the employee shall be entitled to the flexible benefit allowance for the remainder of the current benefit term. For purposes of this subsection, "benefit term" shall mean the

twelve-month period after the initiation of benefits for the position held by the employee.

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

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

G. School district employees hired after the closing of the enrollment period shall be allowed to make an election as provided in this act.

H. A district board of education shall have the option of providing a flexible benefit allowance to the superintendent of the school district in an amount not more than the amount of the flexible benefit allowance established for certified personnel in subsection B of this section. Funding for the flexible benefit allowance for a superintendent shall be provided through local revenue.

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

Section 85.58A A. The Office of Management and Enterprise Services (OMES) shall establish for all state agencies, whether or not subject to the Oklahoma Central Purchasing Act, and other entities as provided by law a comprehensive professional risk management program which shall:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

I. The Risk Management Administrator may provide or obtain for any state agency, public trust with the state as a beneficiary and a director, officer, employee or member thereof, insurance for liability for loss, including judgments, awards, settlements, costs and legal expenses, resulting from violations of rights or

privileges secured by the Constitution or laws of the United States of America which occur while a director, officer, employee or member is acting within the scope of service to the State of Oklahoma. The insurance shall be for coverage in excess of the limits on liability established by The Governmental Tort Claims Act but shall not limit or waive any immunities now or hereafter available to the State of Oklahoma or any state agency, any public trust with the state as a beneficiary, or any director, officer, employee or member thereof including, but not limited to, any immunities under the Eleventh Amendment to the Constitution of the United States, state sovereign immunity, and any absolute or qualified immunity held by any director, officer, employee or member.

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

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

who, immediately prior to employment with the participating employer, was covered as a dependent on the health and dental insurance policy of a spouse who was an active employee other than an education employee, may count as part of his or her credited service for the purpose of determining eligibility to elect to continue coverage under this section, the time during which the terminating employee was covered as such a dependent.

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

- a. indemnity plans offered through the Office,
- b. managed care plans offered as alternatives to the indemnity plans offered through the Office,
- c. Medicare supplements offered pursuant to the Oklahoma Employees Insurance and Benefits Act,
- d. Medicare risk-sharing contracts offered as alternatives to the Medicare supplements offered through the Office. All Medicare risk-sharing contracts shall be subject to a risk adjustment factor, based on generally accepted actuarial principles for adverse selection which may occur, and
- e. for the Oklahoma Public Employees Retirement System, other employer-provided health insurance benefit plans if the employer does not participate in the plans offered pursuant to the Oklahoma Employees Insurance and Benefits Act.

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

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

- a. a retired employee, other than an education employee or an employee who participates in the defined contribution system administered by the Oklahoma Public Employees Retirement System on or after November 1, 2015, who is receiving benefits from the Oklahoma Public Employees Retirement System after September 30, 1988, shall have One Hundred Five Dollars (\$105.00), or the premium rate of the health insurance benefit plan, whichever is less, paid by the Oklahoma Public Employees Retirement System to the Board or to another insurance carrier or other qualified benefits administrator of the employer if the employer does not participate in the plans offered by the Office in the manner specified in subsection G of this section,
- b. a retired employee or surviving spouse other than an education employee who is receiving benefits from the Oklahoma Law Enforcement Retirement System after September 30, 1988, is under sixty-five (65) years of age and is not otherwise eligible for Medicare shall have the premium rate for the health insurance benefit plan or One Hundred Five Dollars (\$105.00), whichever is less, paid by the Oklahoma Law Enforcement Retirement System to the Office in the manner specified in subsection G of this section,
- c. a retired employee other than an education employee who is receiving benefits from the Oklahoma Law Enforcement Retirement System after September 30, 1988, is sixty-five (65) years of age or older or who is under sixty-five (65) years of age and is eligible for Medicare shall have One Hundred Five Dollars (\$105.00), or the premium rate of the health insurance benefit plan, whichever is less, paid by the Oklahoma Law Enforcement Retirement System to the Office in the manner specified in subsection G of this section, and
- d. a retired employee other than an education employee who is receiving benefits from the Uniform Retirement System for Justices and Judges after September 30, 1988, shall have One Hundred Five Dollars (\$105.00), or the premium rate of the health insurance plan, whichever is less, paid by the Uniform Retirement

System for Justices and Judges to the Office in the manner specified in subsection G of this section.

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

- a. the health plan shall be authorized by the provisions of the Oklahoma Employees Insurance and Benefits Act, except that if an employer from which an employee retired or with a vested benefit pursuant to the provisions of the Oklahoma Public Employees Retirement System does not participate in the plans authorized by the provisions of the Oklahoma Employees Insurance and Benefits Act, the health plan will be the health insurance benefits of the employer from which the individual retired or vested,
- b. for plans offered by the Oklahoma Employees Insurance and Benefits Act, the amount to be paid shall be determined pursuant to the provisions of this subsection and shall first be applied in whole or in part to the prescription drug coverage premium. Any remaining amount shall be applied toward the medical coverage premium,
- c. for all plans, if the amount paid by the public retirement system does not cover the full cost of the elected coverage, the individual shall pay the remaining premium amount, and
- d. payment shall be made by the retirement systems in the manner specified under subsection G of this section.

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

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

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

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

H. Upon retirement from employment of the Board of Regents of the University of Oklahoma, any person who was or is employed at the George Nigh Rehabilitation Institute and who transferred employment pursuant to Section 3427 of Title 70 of the Oklahoma Statutes, any person who was employed at the Medical Technology and Research

Authority and who transferred employment pursuant to Section 7068 of this title and any person who is a member of the Oklahoma Law Enforcement Retirement System pursuant to the authority of Section 2-314 of Title 47 of the Oklahoma Statutes may participate in the benefits authorized by the provisions of the Oklahoma Employees Insurance and Benefits Act for retired participants including health, dental and life insurance benefits, if such election to participate is made within thirty (30) days from the date of termination of service. Life insurance benefits for any such person who transferred employment shall not exceed the coverage the person had at the time of such transfer. Retirees who transferred employment and who participate pursuant to this paragraph shall pay the premium for elected benefits less any amounts paid by a state retirement system pursuant to this section.

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

Section 1321. A. The Office of Management and Enterprise Services shall have the authority to determine all rates and life, dental and health benefits. All rates shall be compiled in a comprehensive Schedule of Benefits. The Schedule of Benefits shall be available for inspection during regular business hours at the Office of Management and Enterprise Services. The Office shall have the authority to annually adjust the rates and benefits based on claim experience.

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

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

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

C. The Office may approve a mid-year adjustment provided the need for an adjustment is substantiated by an actuarial determination or more current experience rating. The only publication or notice requirements that shall apply to the Schedule

of Benefits shall be those requirements provided in the Oklahoma Open Meeting Act. It is the intent of the Legislature that the benefits provided not include cosmetic dental procedures except for certain orthodontic procedures as adopted by the Director.

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

Section 1332. A. ~~The State and Education Employees Group Insurance~~ Oklahoma Employees Insurance and Benefits Board shall establish a Disability Insurance Program for state employees. The program shall consist of a long-term disability plan and a short-term disability plan. Participation in the program shall be limited to state employees who have been state employees for a period of not less than one (1) month and who are eligible for enrollment in the Health Insurance Plan administered by the Board. No state employee shall be eligible to receive any benefits from the long-term disability program unless the state employee has used all of the sick leave of the employee. The Board shall promulgate such rules as are necessary for adoption and administration of the Disability Insurance Program, including but not limited to benefit eligibility requirements, methods for computing benefit amounts, benefits amounts, and verification of medical and health status of employees applying for or receiving benefits.

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

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

D. The Board shall establish a grievance procedure by which a three-member grievance panel established in the same manner as specified in ~~paragraph 6 of Section 1306~~ Section 1304.1 of this title shall act as an appeals body for complaints regarding the allowance and payment of claims, eligibility, and other matters. The grievance procedure provided by this subsection shall be the exclusive remedy available to persons having complaints against the insurer. Such grievance procedure shall be subject to the Oklahoma Administrative Procedures Act, including provisions for the review of agency decisions by the district court. The grievance panel shall schedule a hearing regarding the allowance and payment of claims, eligibility and other matters within sixty (60) days from the date the grievance panel receives a written request for a

hearing. Upon written request to the grievance panel received not less than ten (10) days before the hearing date, the grievance panel shall cause a full stenographic record of the proceedings to be made by a licensed or certified court reporter at the insured employee's expense.

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

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

Section 1332.1 A. ~~The State and Education Employees Group Insurance~~ The Oklahoma Employees Insurance and Benefits Board shall collect from state agencies each month, the premium amount, as determined by the Board, for each employee of a state agency that participates in the Disability Insurance Program. Said sum shall be deposited in the State Employees Disability Insurance Reserve Fund for use in accordance with law.

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

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

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

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

SECTION 9. AMENDATORY 74 O.S. 2021, Section 1346, is amended to read as follows:

Section 1346. There is hereby created in the State Treasury a revolving fund for the ~~State and Education Employees Group Insurance~~ Oklahoma Employees Insurance and Benefits Board to be designated the "Flexible Benefit Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of employee payroll deductions and contributions for flexible spending accounts. All monies accruing to the credit of said fund are hereby appropriated and may be budgeted and expended by the ~~State and Education Employees Group Insurance~~ Oklahoma Employees Insurance and Benefits Board for expenses of the state employees flexible benefits plan and for expenses authorized by law. The ~~State and Education Employees Group Insurance~~ Oklahoma Employees Insurance and Benefits Board is authorized to pay employee claim costs associated with the state employees flexible benefits plan from monies accrued for said purpose. Expenditures from said funds shall be pursuant to the laws of the state and statutes relating to the state employees flexible benefits plan.

SECTION 10. AMENDATORY 74 O.S. 2021, Section 1370, is amended to read as follows:

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

credited to a participant by the participating employer, and (2) pay conversion dollars elected by a participant.

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

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

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

2. The greater of the amount of benefit which the participant would have qualified for as of plan year 2021 or an amount equal to the monthly premium of the HealthChoice High Option plan, the average monthly premiums of the dental plans, the monthly premium of the disability plan, and the monthly premium of the basic life insurance plan offered to state employees plus one of the additional amounts as follows for participants who elect to include one or more dependents:

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

- 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.

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

1. The state, as employer, may not provide any payment for nor receive any consideration or compensation for offering the benefit;
2. The employer's only involvement is in providing the administrative support for the benefit under the cafeteria plan; and
3. The employee's participation in the plan is completely voluntary.

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

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

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

dollars allocated to the portion of the plan year after the participant's termination of employment.

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

SECTION 11. REPEALER 74 O.S. 2021, Section 1329.1, is hereby repealed.

SECTION 12. REPEALER 74 O.S. 2021, Sections 1381, 1382, 1383, and 1384, are hereby repealed.

SECTION 13. This act shall become effective November 1, 2024.

Passed the House of Representatives the 6th day of March, 2024.

Presiding Officer of the House
of Representatives

Passed the Senate the 25th day of April, 2024.

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____

Approved by the Governor of the State of Oklahoma this _____

day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____