

1 ENGROSSED HOUSE
2 BILL NO. 1407

By: Culver of the House

and

Stewart of the Senate

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8 [state employee benefits - benefit allowance for
9 state employees - effective date]
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13 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

14 SECTION 1. AMENDATORY 74 O.S. 2021, Section 1370, is
15 amended to read as follows:

16 Section 1370. A. Subject to the requirement that a participant
17 must elect the default benefits, the basic plan, or is a person who
18 has retired from a branch of the United States military and has been
19 provided with health care through a federal plan, to the extent that
20 it is consistent with federal law, or is an active employee who is
21 eligible to participate and who is a participant who has opted out
22 of the state's basic plan according to the provisions of Section
23 1308.3 of this title, and provides proof of this coverage, flexible
24 benefit dollars may be used to purchase any of the benefits offered

1 by the Oklahoma State Employees Benefits Council under the flexible
2 benefits plan. A participant who has opted out of the state's basic
3 plan and provided proof of other coverage as described in this
4 subsection shall receive One Hundred Fifty Dollars (\$150.00) in lieu
5 of the flexible benefit monthly. A participant's flexible benefit
6 dollars for a plan year shall consist of the sum of (1) flexible
7 benefit allowance credited to a participant by the participating
8 employer, and (2) pay conversion dollars elected by a participant.

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

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

23 1. The greater of the amount of benefit which the participant
24 would have qualified for as of plan year 2021, or an amount equal to

1 the monthly premium of the HealthChoice High Option plan, the
2 average monthly premiums of the dental plans, the monthly premium of
3 the disability plan, and the monthly premium of the basic life
4 insurance plan offered to state employees or the amount determined
5 by the Council based on a formula for determining a participant's
6 benefit credits consistent with the requirements of 26 U.S.C.,
7 Section 125(g) (2) and regulations thereunder;

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

- 16 a. for a spouse, seventy-five percent (75%) of the
17 HealthChoice High Option plan, ~~available~~ for coverage
18 of a spouse,
- 19 b. for one child, seventy-five percent (75%) of the
20 HealthChoice High Option plan, for coverage of one
21 child,
- 22 c. for two or more children, seventy-five percent (75%)
23 of the HealthChoice High Option plan, for coverage of
24 two or more children,

1 d. for a spouse and one child, seventy-five percent (75%)
2 of the HealthChoice High Option plan, for coverage of
3 a spouse and one child, or

4 e. for a spouse and two or more children, seventy-five
5 percent (75%) of the HealthChoice High Option plan,
6 for coverage of a spouse and two or more children;

7 3. For the plan year beginning January 1, 2022, the amount of a
8 participant's benefit allowance shall be increased by two percent
9 (2%) from the amount provided in the previous year;

10 4. For the plan year beginning January 1, 2023, the amount of a
11 participant's benefit allowance shall be increased by two percent
12 (2%) from the amount provided in the previous year; ~~or~~

13 5. For the plan year beginning January 1, 2024, the amount of a
14 participant's benefit allowance shall be increased by two percent
15 (2%) from the amount provided in the previous year;

16 6. For the plan year beginning January 1, 2025, the amount of a
17 participant's benefit allowance shall be increased by two percent
18 (2%) from the amount provided in the previous year; or

19 7. The greater of the amount of benefit which the participant
20 would have qualified for as of plan year ~~2023~~ 2025, or an amount
21 equal to the monthly premium of the HealthChoice High Option plan,
22 the average monthly premiums of the dental plans, the monthly
23 premium of the disability plan and the monthly premium of the basic
24 life insurance plan offered to state employees plus one of the

1 additional amounts as follows for participants who elect to include
2 one or more dependents:

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

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

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

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

5 3. The employee's participation in the plan is completely
6 voluntary.

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

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

16 F. If a participant desires to buy benefits whose sum total of
17 benefit prices is in excess of his or her flexible benefit
18 allowance, the participant may elect to use pay conversion dollars
19 to purchase such excess benefits. Pay conversion dollars may be
20 elected through a salary reduction agreement made pursuant to the
21 election procedures of Section 1371 of this title. The elected
22 amount shall be deducted from the participant's compensation in
23 equal amounts each pay period, with the exception of participants on
24 a biweekly payroll system, where such deduction shall occur over

1 twenty-four pay periods over the plan year. On termination of
2 employment during a plan year, a participant shall have no
3 obligation to pay the participating employer any pay conversion
4 dollars allocated to the portion of the plan year after the
5 participant's termination of employment.

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

21 SECTION 2. This act shall become effective November 1, 2023.

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1 Passed the House of Representatives the 9th day of March, 2023.

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4 Presiding Officer of the House
5 of Representatives

6 Passed the Senate the ___ day of _____, 2023.

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9 Presiding Officer of the Senate