

1 STATE OF OKLAHOMA

2 1st Session of the 55th Legislature (2015)

3 HOUSE BILL 2167

By: McCullough

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5
6 AS INTRODUCED

7 An Act relating to state employee benefits; requiring
8 the Oklahoma Employees Insurance and Benefits Board
9 to exclusively offer health savings accounts with a
10 high-deductible health plan for purposes of health
11 care insurance; directing the Board to submit program
12 designs; providing required program design contents;
13 providing other health insurance policies shall not
14 be available for sale after certain date; terminating
15 all other health insurance policies at certain time;
16 amending Section 14, Chapter 303, O.S.L. 2012, as
17 amended by Section 2, Chapter 266, O.S.L. 2013, 74
18 O.S. 2011, Sections 1308, as amended by Section 945,
19 Chapter 304, O.S.L. 2012, 1308.1, as amended by
20 Section 946, Chapter 304, O.S.L. 2012, 1309, as
21 amended by Section 947, Chapter 304, O.S.L. 2012,
22 1310.1, as last amended by Section 115, Chapter 15,
23 O.S.L. 2013, 1312.1, as amended by Section 954,
24 Chapter 304, O.S.L. 2012, 1321, as amended by Section
966, Chapter 304, O.S.L. 2012 and 1327, as amended by
Section 971, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
2014, Sections 1304.1, 1308, 1308.1, 1309, 1310.1,
1312.1, 1321 and 1327), which relate to the Oklahoma
Employees Insurance and Benefits Act; removing
authorization for health maintenance organizations to
be involved in distribution of certain information;
eliminating Office of Maintenance and Enterprise
Services duty to contract with health maintenance
organizations; eliminating requirement that health
maintenance organizations provide certain data;
removing requirement to collect certain fees from
health maintenance organizations; removing
requirement that eligible employees be advised of
certain health maintenance organization plans;
removing option to enroll in health maintenance
organization plans; eliminating option to have

1 dependent of the employee covered by an available
2 health maintenance organization plan; modifying
3 premium amount paid by a school district; modifying
4 funds transferred to certain revolving fund;
5 modifying date in which certain premium determination
6 shall be set; removing requirement that health
7 maintenance organizations utilize certain standards
8 and procedures; amending 74 O.S. 2011, Sections 1362,
9 1366, as amended by Section 976, Chapter 304, O.S.L.
10 2012, 1366.1, as amended by Section 977, Chapter 304,
11 O.S.L. 2012, 1366.2, as amended by Section 978,
12 Chapter 304, O.S.L. 2012, 1370, as last amended by
13 Section 4, Chapter 266, O.S.L. 2013 and 1371, as
14 amended by Section 979, Chapter 304, O.S.L. 2012 (74
15 O.S. Supp. 2014, Sections 1366, 1366.1, 1366.2, 1370
16 and 1371), which relate to the Oklahoma State
17 Employees Benefits Act; modifying purpose; modifying
18 expenses included in an employee's salary adjustment
19 agreement; eliminating certain duties of the Board;
20 eliminating requirement that the benefit allowance
21 shall be not be less than certain previous plan year
22 amount; modifying calculation of amount of a
23 participant's benefit allowance; modifying
24 calculation of amount of a participant's benefit
allowance who elects to include certain dependents;
eliminating requirement that health maintenance
organizations meet certain requirements set by the
Board for the basic plan; requiring the Board shall
exclusively offer a health savings account paired
with a high-deductible health plan; eliminating
authorization for Board to offer additional medical
plans; removing option for participant to elect
certain coverage by any health maintenance
organization; removing requirement related to
contracts with health maintenance organizations;
eliminating option to continue care with a primary
care physician for employees enrolled in a certain
health maintenance organization plan; removing
certain notification requirement to health
maintenance organizations; repealing 74 O.S. 2011,
Sections 1307.1, as amended by Section 942, Chapter
304, O.S.L. 2012 and 1329.1, as amended by Section
974, Chapter 304, O.S.L. 2012 (74 O.S. Supp. 2014,
Sections 1307.1 and 1329.1), which relate to the
Oklahoma Employees Insurance and Benefits Act;
repealing 74 O.S. 2011, Section 1375, as amended by
Section 19, Chapter 303, O.S.L. 2012 (74 O.S. Supp.

1 2014, Section 1375), which relates to the Oklahoma
2 State Employees Benefits Act; providing for
3 codification; and declaring an emergency.

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

6 SECTION 1. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 1375.1 of Title 74, unless there
8 is created a duplication in numbering, reads as follows:

9 A. The Oklahoma Employees Insurance and Benefits Board of the
10 Office of Management and Enterprise Services shall exclusively offer
11 a program for the use of pre-tax health savings accounts as
12 authorized by the provisions of the Health Savings Account Act
13 established in Section 6060.14 of Title 36 of the Oklahoma Statutes
14 with a qualifying state-sponsored, high-deductible health plan to
15 all persons who are eligible employees for purposes of any health
16 care insurance offered through or under the supervision of the
17 Office. This coverage shall be available no later than January 1,
18 2015.

19 B. On or before September 1, 2015, the Oklahoma Employees
20 Insurance and Benefits Board shall submit the program designs to the
21 Office of Management and Enterprise Services for review. The
22 program designs shall include:

23 1. Benefit designs, including deductible amounts, for the high-
24 deductible health plans;

- 1 2. Premium amounts for the high-deductible health plans;
- 2 3. Employee and employer contribution strategies for the high-
- 3 deductible health plan premiums;
- 4 4. Employer and employee contribution strategies for the health
- 5 savings account deposits, provided that any employer or employee
- 6 contributions to the health savings account shall be allowable as a
- 7 remittance to the vendor through payroll deduction in conjunction
- 8 with the employer's Section 125 Plan and shall not be subject to any
- 9 assessment of administrative fees by the Office of Management and
- 10 Enterprise Services or any state agency for remittance to the
- 11 vendor. The State of Oklahoma and the Office of Management and
- 12 Enterprise Services shall take necessary measures to make any
- 13 employer or employee health savings account contributions
- 14 permissible under the state's Section 125 Plan;
- 15 5. The ability for employees to make pre-tax contributions
- 16 through a salary deferral arrangement for the health savings
- 17 accounts;
- 18 6. Options for custodial arrangements for the health savings
- 19 accounts;
- 20 7. Investment options for health savings account holders;
- 21 8. Assessment of administrative and claim costs;
- 22 9. Statements of the actuarial assumptions, including
- 23 demographic, participation, and utilization assumptions, used in
- 24 program designs; and

1 10. Program designs based on the creation of coverage options
2 so that the average per person employer cost of the program,
3 including the contributions for the health savings accounts and
4 high-deductible plan, does not exceed the average per person
5 employer cost of the traditional state employee health benefits
6 program for the same fiscal year.

7 C. Health insurance policies offered to a participant other
8 than the health savings accounts and high-deductible plan described
9 in this section shall cease to be available for sale beginning June
10 1, 2015. No such coverage will be made available with an effective
11 date after July 1, 2015.

12 D. All remaining health insurance policies offered to a
13 participant shall terminate at midnight on December 31, 2015, and no
14 grace period will be available to extend coverage beyond the
15 termination date on December 31, 2015.

16 SECTION 2. AMENDATORY Section 14, Chapter 303, O.S.L.
17 2012, as amended by Section 2, Chapter 266, O.S.L. 2013 (74 O.S.
18 Supp. 2014, Section 1304.1), is amended to read as follows:

19 Section 1304.1 A. The State and Education Employees Group
20 Insurance Board and the Oklahoma State Employees Benefits Council
21 are hereby abolished. Wherever the State and Education Employees
22 Group Insurance Board and the Oklahoma State Employees Benefits
23 Council are referenced in law, that reference shall be construed to
24 mean the Oklahoma Employees Insurance and Benefits Board.

1 B. There is hereby created the Oklahoma Employees Insurance and
2 Benefits Board.

3 C. The chair and vice-chair shall be elected by the Board
4 members at the first meeting of the Board and shall preside over
5 meetings of the Board and perform other duties as may be required by
6 the Board. Upon the resignation or expiration of the term of the
7 chair or vice-chair, the members shall elect a chair or vice-chair.
8 The Board shall elect one of its members to serve as secretary.

9 D. The Board shall consist of seven (7) members to be appointed
10 as follows:

- 11 1. The State Insurance Commissioner, or designee;
- 12 2. Four members shall be appointed by the Governor;
- 13 3. One member shall be appointed by the Speaker of the Oklahoma
14 House of Representatives; and
- 15 4. One member shall be appointed by the President Pro Tempore
16 of the State Senate.

17 E. The appointed members shall:

- 18 1. Have demonstrated professional experience in investment or
19 funds management, public funds management, public or private group
20 health or pension fund management, or group health insurance
21 management;
- 22 2. Be licensed to practice law in this state and have
23 demonstrated professional experience in commercial matters; or
24

1 3. Be licensed by the Oklahoma Accountancy Board to practice in
2 this state as a public accountant or a certified public accountant.

3 In making appointments that conform to the requirements of this
4 subsection, at least one but not more than three members shall be
5 appointed each from paragraphs 2 and 3 of this subsection by the
6 combined appointing authorities.

7 F. Each member of the Board shall serve a term of four (4)
8 years from the date of appointment.

9 G. Members of the Board shall be subject to the following:

10 1. The appointed members shall each receive compensation of
11 Five Hundred Dollars (\$500.00) per month. Appointed members who
12 fail to attend a regularly scheduled meeting of the Board shall not
13 receive the related compensation;

14 2. The appointed members shall be reimbursed for their
15 expenses, according to the State Travel Reimbursement Act, as are
16 incurred in the performance of their duties, which shall be paid
17 from the Health Insurance Reserve Fund;

18 3. In the event an appointed member does not attend at least
19 seventy-five percent (75%) of the regularly scheduled meetings of
20 the Board during a calendar year, the appointing authority may
21 remove the member;

22 4. A member may also be removed for any other cause as provided
23 by law;

24

1 5. No Board member shall be individually or personally liable
2 for any action of the Board; and

3 6. Participation on the Board is contingent upon maintaining
4 all necessary annual training as may be required through the Health
5 Insurance Portability and Accountability Act of 1996, Medicare
6 contracting requirements or other statutory or regulatory
7 guidelines.

8 H. The Board shall meet as often as necessary to conduct
9 business but shall meet no less than four times a year, with an
10 organizational meeting to be held prior to December 1, 2012. The
11 organizational meeting shall be called by the Insurance
12 Commissioner. A majority of the members of the Board shall
13 constitute a quorum for the transaction of business, and any
14 official action of the Board must have a favorable vote by a
15 majority of the members of the Board present.

16 I. Except as otherwise provided in this subsection, no member
17 of the Board shall be a lobbyist registered in this state as
18 provided by law, or be employed directly or indirectly by any firm
19 or health care provider under contract to the State and Education
20 Employees Group Insurance Board, the Oklahoma State Employees
21 Benefits Council, or the Oklahoma Employees Insurance and Benefits
22 Board, or any benefit program under its jurisdiction, for any goods
23 or services whatsoever. Any physician member of the Board shall not
24 be subject to the provisions of this subsection.

1 J. Any vacancy occurring on the Board shall be filled for the
2 unexpired term of office in the same manner as provided for in
3 subsection D of this section.

4 K. The Board shall act in accordance with the provisions of the
5 Oklahoma Open Meeting Act, the Oklahoma Open Records Act and the
6 Administrative Procedures Act.

7 L. The Administrative Director of the Courts shall designate
8 grievance panel members as shall be necessary. The members of the
9 grievance panel shall consist of two attorneys licensed to practice
10 law in this state and one state licensed health care professional or
11 health care administrator who has at least three (3) years practical
12 experience, has had or has admitting privileges to a hospital in
13 this state, has a working knowledge of prescription medication, or
14 has worked in an administrative capacity at some point in their
15 career. The state health care professional shall be appointed by
16 the Governor. At the Governor's discretion, one or more qualified
17 individuals may also be appointed as an alternate to serve on the
18 grievance panel in the event the Governor's primary appointee
19 becomes unable to serve.

20 M. The Office of Management and Enterprise Services shall have
21 the following duties, responsibilities and authority with respect to
22 the administration of the flexible benefits plan authorized pursuant
23 to the State Employees Flexible Benefits Act:
24

1 1. To construe and interpret the plan, and decide all questions
2 of eligibility in accordance with the Oklahoma State Employees
3 Benefits Act and 26 U.S.C.A., Section 1 et seq.;

4 2. To select those benefits which shall be made available to
5 participants under the plan, according to the Oklahoma State
6 Employees Benefits Act, and other applicable laws and rules;

7 3. To prescribe procedures to be followed by participants in
8 making elections and filing claims under the plan;

9 4. Beginning with the plan year which begins on January 1,
10 2013, to select and contract with one or more providers to offer a
11 group TRICARE Supplement product to eligible employees who are
12 eligible TRICARE beneficiaries. Any membership dues required to
13 participate in a group TRICARE Supplement product offered pursuant
14 to this paragraph shall be paid by the employee. As used in this
15 paragraph, "TRICARE" means the Department of Defense health care
16 program for active duty and retired service members and their
17 families;

18 5. To prepare and distribute information communicating and
19 explaining the plan to participating employers and participants.
20 ~~Health Maintenance Organizations or other third-party~~ Third-party
21 insurance vendors may be directly or indirectly involved in the
22 distribution of communicated information to participating state
23 agency employers and state employee participants subject to the
24 following condition: the Board shall verify all marketing and

1 communications information for factual accuracy prior to
2 distribution;

3 6. To receive from participating employers and participants
4 such information as shall be necessary for the proper administration
5 of the plan, and any of the benefits offered thereunder;

6 7. To furnish the participating employers and participants such
7 annual reports with respect to the administration of the plan as are
8 reasonable and appropriate;

9 8. To keep reports of benefit elections, claims and
10 disbursements for claims under the plan;

11 9. To negotiate for best and final offer through competitive
12 negotiation with the assistance and through the purchasing
13 procedures adopted by the Office of Management and Enterprise
14 Services ~~and contract with federally qualified health maintenance~~
15 ~~organizations under the provisions of 42 U.S.C., Section 300e et~~
16 ~~seq., or with Health Maintenance Organizations granted a certificate~~
17 ~~of authority by the Insurance Commissioner pursuant to the Health~~
18 ~~Maintenance Reform Act of 2003 for consideration by participants as~~
19 ~~an alternative to the health plans offered by the Oklahoma Employees~~
20 ~~Insurance and Benefits Board, and to transfer to the health~~
21 ~~maintenance organizations such funds as may be approved for a~~
22 ~~participant electing health maintenance organization alternative~~
23 ~~services. The Board may also select and contract with a vendor to~~
24 ~~offer a point-of-service plan. An HMO may offer coverage through a~~

1 ~~point of service plan, subject to the guidelines established by the~~
2 ~~Board. However, if the Board chooses to offer a point-of-service~~
3 ~~plan, then a vendor that offers both an HMO plan and a point-of-~~
4 ~~service plan may choose to offer only its point-of-service plan in~~
5 ~~lieu of offering its HMO plan. The Board may, however, renegotiate~~
6 ~~rates with successful bidders after contracts have been awarded if~~
7 ~~there is an extraordinary circumstance. An extraordinary~~
8 ~~circumstance shall be limited to insolvency of a participating~~
9 ~~health maintenance organization or point-of-service plan,~~
10 ~~dissolution of a participating health maintenance organization or~~
11 ~~point-of-service plan or withdrawal of another participating health~~
12 ~~maintenance organization or point-of-service plan at any time during~~
13 ~~the calendar year. Nothing in this section of law shall be~~
14 ~~construed to permit either party to unilaterally alter the terms of~~
15 ~~the contract;~~

16 10. To retain as confidential information the initial Request
17 For Proposal offers as well as any subsequent bid offers made by the
18 health plans prior to final contract awards as a part of the best
19 and final offer negotiations process for the benefit plan;

20 11. To promulgate administrative rules for the competitive
21 negotiation process;

22 12. To require vendors offering coverage to provide such
23 enrollment and claims data as is determined by the Board. The Board
24 shall be authorized to retain as confidential any proprietary

1 information submitted in response to the Board's Request For
2 Proposal. Provided, however, that any such information requested by
3 the Board from the vendors shall only be subject to the
4 confidentiality provision of this paragraph if it is clearly
5 designated in the Request For Proposal as being protected under this
6 provision. All requested information lacking such a designation in
7 the Request For Proposal shall be subject to Section 24A.1 et seq.
8 of Title 51 of the Oklahoma Statutes. ~~From health maintenance~~
9 ~~organizations, data provided shall include the current Health Plan~~
10 ~~Employer Data and Information Set (HEDIS);~~

11 13. To authorize the purchase of any insurance deemed necessary
12 for providing benefits under the plan including indemnity dental
13 plans, provided that the only indemnity health plan selected by the
14 Board shall be the indemnity plan offered by the Board, and to
15 transfer to the Board such funds as may be approved for a
16 participant electing a benefit plan offered by the Board. All
17 indemnity dental plans shall meet or exceed the following
18 requirements:

- 19 a. they shall have a statewide provider network,
- 20 b. they shall provide benefits which shall reimburse the
21 expense for the following types of dental procedures:
 - 22 (1) diagnostic,
 - 23 (2) preventative,
 - 24 (3) restorative,

- 1 (4) endodontic,
- 2 (5) periodontic,
- 3 (6) prosthodontics,
- 4 (7) oral surgery,
- 5 (8) dental implants,
- 6 (9) dental prosthetics, and
- 7 (10) orthodontics, and

8 c. they shall provide an annual benefit of not less than
9 One Thousand Five Hundred Dollars (\$1,500.00) for all
10 services other than orthodontic services, and a
11 lifetime benefit of not less than One Thousand Five
12 Hundred Dollars (\$1,500.00) for orthodontic services;

13 14. To communicate deferred compensation programs as provided
14 in Section 1701 of Title 74 of the Oklahoma Statutes;

15 15. To assess and collect reasonable fees from contracted
16 ~~health maintenance organizations and~~ third-party insurance vendors
17 to offset the costs of administration;

18 16. To accept, modify or reject elections under the plan in
19 accordance with the Oklahoma State Employees Benefits Act and 26
20 U.S.C.A., Section 1 et seq.;

21 17. To promulgate election and claim forms to be used by
22 participants;

23 18. To adopt rules requiring payment for medical and dental
24 services and treatment rendered by duly licensed hospitals,

1 physicians and dentists. Unless the Board has otherwise contracted
2 with the out-of-state health care provider, the Board shall
3 reimburse for medical services and treatment rendered and charged by
4 an out-of-state health care provider at least at the same percentage
5 level as the network percentage level of the fee schedule
6 established by the Oklahoma Employees Insurance and Benefits Board
7 if the insured employee was referred to the out-of-state health care
8 provider by a physician or it was an emergency situation and the
9 out-of-state provider was the closest in proximity to the place of
10 residence of the employee which offers the type of health care
11 services needed. For purposes of this paragraph, health care
12 providers shall include, but not be limited to, physicians,
13 dentists, hospitals and special care facilities;

14 19. To enter into a contract with out-of-state providers in
15 connection with any PPO or hospital or medical network plan which
16 shall include, but not be limited to, special care facilities and
17 hospitals outside the borders of the State of Oklahoma. The
18 contract for out-of-state providers shall be identical to the in-
19 state provider contracts. The Board may negotiate for discounts
20 from billed charges when the out-of-state provider is not a network
21 provider and the member sought services in an emergency situation,
22 when the services were not otherwise available in the State of
23 Oklahoma or when the Administrator appointed by the Board approved
24 the service as an exceptional circumstance;

1 20. To create the establishment of a grievance procedure by
2 which a three-member grievance panel shall act as an appeals body
3 for complaints by insured employees regarding the allowance and
4 payment of claims, eligibility, and other matters. Except for
5 grievances settled to the satisfaction of both parties prior to a
6 hearing, any person who requests in writing a hearing before the
7 grievance panel shall receive a hearing before the panel. The
8 grievance procedure provided by this paragraph shall be the
9 exclusive remedy available to insured employees having complaints
10 against the insurer. Such grievance procedure shall be subject to
11 the Oklahoma Administrative Procedures Act, including provisions
12 thereof for review of agency decisions by the district court. The
13 grievance panel shall schedule a hearing regarding the allowance and
14 payment of claims, eligibility and other matters within sixty (60)
15 days from the date the grievance panel receives a written request
16 for a hearing unless the panel orders a continuance for good cause
17 shown. Upon written request by the insured employee to the
18 grievance panel and received not less than ten (10) days before the
19 hearing date, the grievance panel shall cause a full stenographic
20 record of the proceedings to be made by a competent court reporter
21 at the insured employee's expense; and

22 21. To intercept monies owing to plan participants from other
23 state agencies, when those participants in turn owe money to the
24

1 Office of Management and Enterprise Services, and to ensure that the
2 participants are afforded due process of law.

3 N. Except for a breach of fiduciary obligation, a Board member
4 shall not be individually or personally responsible for any action
5 of the Board.

6 O. The Board shall operate in an advisory capacity to the
7 Office of Management and Enterprise Services.

8 P. The members of the Board shall not accept gifts or
9 gratuities from an individual organization with a value in excess of
10 Ten Dollars (\$10.00) per year. The provisions of this section shall
11 not be construed to prevent the members of the Board from attending
12 educational seminars, conferences, meetings or similar functions.

13 SECTION 3. AMENDATORY 74 O.S. 2011, Section 1308, as
14 amended by Section 945, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
15 2014, Section 1308), is amended to read as follows:

16 Section 1308. (1) Any employee eligible for membership in the
17 Health Insurance Plan, Dental Insurance Plan or Life Insurance Plan
18 upon its effective date shall be enrolled in the plan unless the
19 employee elects not to be enrolled within thirty (30) days of the
20 effective dates. ~~The employee shall be advised of Health~~
21 ~~Maintenance Organization prepaid plans available as an alternative~~
22 ~~to the state self-insured Health Insurance Plan.~~ The Office of
23 Management and Enterprise Services shall establish the procedure by
24 which eligible employees not electing to be enrolled initially in

1 the Health Insurance Plan, Dental Insurance Plan or Life Insurance
2 Plan may be subsequently enrolled.

3 (2) Any eligible employee who is employed after the effective
4 dates of the Health Insurance Plan, Dental Insurance Plan and Life
5 Insurance Plan ~~or HMO plans~~ approved by the Office may become
6 enrolled on the first day of the second month of employment.

7 SECTION 4. AMENDATORY 74 O.S. 2011, Section 1308.1, as
8 amended by Section 946, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
9 2014, Section 1308.1), is amended to read as follows:

10 Section 1308.1 (1) An educational entity may extend the
11 benefits of the health insurance plan, the dental insurance plan,
12 and the life insurance plan to education employees employed by the
13 entity. The benefits of the plans for an education employee shall
14 be the same and shall include the same plan options as would be made
15 available to a state employee participating in the plan that resided
16 at the same location. Notwithstanding the provisions of Section
17 1308.2 of this title, a period shall exist for enrolling education
18 entities from April 1, 1989 through October 1, 1991, whereby
19 education employees of a participating education entity may be
20 enrolled, pursuant to this act, during the entities' initial
21 enrollment period, regardless of preexisting conditions. The Office
22 of Management and Enterprise Services shall adopt rules and
23 regulations for enrollment by which education entities may apply to
24 participate in the insurance plans. Once an education entity

1 becomes a participant in the health and dental insurance plans
2 offered through the Oklahoma Employees Insurance and Benefits Act,
3 the education entity may withdraw from participation, in a manner
4 prescribed by the Office. If a school district is participating in
5 the health and dental insurance plans pursuant to the Oklahoma
6 Employees Insurance and Benefits Act, Sections 1301 through 1329.1
7 of this title, the employees of the school district who are eligible
8 to participate in the health and dental plans, at such time as the
9 school district may withdraw from such participation, may require
10 the board of education of the school district to call an election to
11 allow the employees to vote as to whether the school district shall
12 continue participation in the health and dental insurance plans
13 offered through the Oklahoma Employees Insurance and Benefits Act.
14 Upon the filing with the board of education of a petition calling
15 for such an election which is signed by no less than thirty percent
16 (30%) of the eligible employees of the school district, the board of
17 education shall call an election for the purpose of determining
18 whether the school district shall continue participation in the
19 health and dental insurance plans offered through the Oklahoma
20 Employees Insurance and Benefits Act. The election shall be held
21 within thirty (30) days of the filing of the petition. If a
22 majority of those eligible employees voting at the election vote to
23 continue participation in the health and dental insurance plans
24 offered through the Oklahoma Employees Insurance and Benefits Act,

1 the board of education shall be prohibited from withdrawing the
2 school district from such participation. If a majority of those
3 eligible employees voting at the election vote against continued
4 participation in the health and dental insurance plans offered
5 through the Oklahoma Employees Insurance and Benefits Act, the board
6 of education of the school district shall apply to discontinue such
7 participation within thirty (30) days of the election and within the
8 times the school district is authorized to withdraw from
9 participation in accordance with rules established for withdrawal by
10 the Office.

11 (2) ~~Except as otherwise provided in this subsection, when an~~
12 ~~education entity participates in the health and dental insurance~~
13 ~~plans offered through the Oklahoma Employees Insurance and Benefits~~
14 ~~Act, all employees shall be advised of Health Maintenance~~
15 ~~Organizations prepaid plans available as an alternative to the state~~
16 ~~self-insured health insurance plan.~~ Eligible part-time education
17 employees, at the option of the employee, may enroll in the plans
18 either at the time the education entity begins participation in the
19 plans or, if later, upon a showing of insurability to the
20 satisfaction of the Office.

21 (3) Any employee of an education entity participating in the
22 health and dental insurance plans offered through the Oklahoma
23 Employees Insurance and Benefits Act who is employed after the
24 education entity began said participation may be enrolled in the

1 health and dental insurance plans ~~or HMO plans~~ approved by the
2 Office on the first day of the second month of employment.

3 (4) Upon initial enrollment of an institution of higher
4 education to participate in the health and dental insurance plans
5 offered through the Oklahoma Employees Insurance and Benefits Act,
6 all individuals presently insured by said institution's present
7 group health insurance plan shall become enrolled in said state
8 plans for the remaining period of said institution's contractual
9 liabilities.

10 (5) Education employees who shall be absent from the teaching
11 service because of election or appointment as a local, state, or
12 national education association officer shall be allowed to retain
13 coverage pursuant to the Oklahoma Employees Insurance and Benefits
14 Act upon the payment of the full cost of the coverage at the rate
15 and under such terms and conditions established by the Office.

16 (6) Except as otherwise provided by law, an educational entity
17 may cease to participate in the Oklahoma Employees Insurance and
18 Benefits Act but provide health insurance coverage through another
19 insurance carrier. The subsequent carrier shall provide coverage to
20 the employees of the educational entity who terminated employment
21 with a retirement benefit, with a vested benefit, or who have ten
22 (10) or more years of service with a participating educational
23 entity but did not have a vested benefit through the retirement
24 system of the educational entity, if the election to retain health

1 insurance coverage was made within thirty (30) days of termination
2 of employment. Coverage shall also be provided to the eligible
3 dependents of the employees if an election to retain coverage is
4 made within thirty (30) days of termination of employment.

5 SECTION 5. AMENDATORY 74 O.S. 2011, Section 1309, as
6 amended by Section 947, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
7 2014, Section 1309), is amended to read as follows:

8 Section 1309. A. Any eligible employee may elect to have a
9 dependent or dependents of the employee covered by the Health
10 Insurance Plan and Dental Insurance Plan ~~or by any available Health~~
11 ~~Maintenance Organization (HMO)~~ approved by the Office of Management
12 and Enterprise Services. The employee may elect to cover all
13 dependent children and not elect to cover the spouse of the
14 employee. Such election shall be made at the time the employee
15 becomes enrolled in the Plan, under such procedures as the Office
16 may establish. If dependent coverage is not elected or if the
17 employee elects to cover all dependent children and not the spouse
18 of the employee at the time an employee becomes enrolled in the
19 Plan, dependent coverage or coverage for the spouse cannot be
20 elected until the next enrollment period or until a qualifying event
21 has occurred as established by the Office. Such subsequent election
22 of dependent coverage shall be made under such conditions as the
23 Office may impose. If electing not to cover the spouse, the
24 employee shall submit a statement signed by both the employee and

1 the spouse acknowledging their choice not to provide insurance
2 coverage for the spouse under the Health Insurance Plan and Dental
3 Insurance Plan ~~or approved HMO plans~~.

4 B. Any employee with dependent coverage, as provided in this
5 section, who has a change in the number of dependents may at the
6 time of such change increase or decrease the number of dependents
7 covered by the Health Insurance Plan and Dental Insurance Plan ~~or~~
8 ~~approved HMO plans~~, under procedures established by the Office.

9 C. Any employee who has no eligible dependents at the time the
10 employee becomes enrolled may elect dependent coverage at the time
11 the dependency status of the employee changes under procedures
12 established by the Office.

13 SECTION 6. AMENDATORY 74 O.S. 2011, Section 1310.1, as
14 last amended by Section 115, Chapter 15, O.S.L. 2013 (74 O.S. Supp.
15 2014, Section 1310.1), is amended to read as follows:

16 Section 1310.1 A. If a certified employee elects health care
17 coverage under a plan offered by a school district, including a plan
18 offered by the Office of Management and Enterprise Services or a
19 self-insured plan offered by the school district, then a school
20 district shall pay no less than one hundred percent (100%) of the
21 premium amount for the ~~HealthChoice (HI) option~~ high-deductible plan
22 for an individual offered by the Office.

23
24

1 The amount a school district is required to pay pursuant to this
2 subsection shall be reduced by the flexible benefit allowance
3 provided for in Section 26-105 of Title 70 of the Oklahoma Statutes.

4 B. The premium for education entities that participate in the
5 health and dental insurance plans offered through the Oklahoma
6 Employees Insurance and Benefits Act shall be the same as paid by
7 state agencies for said plans.

8 C. All education entities that participate in the insurance
9 plans offered through the Oklahoma Employees Insurance and Benefits
10 Act shall forward the appropriate premiums for each employee to the
11 Office no later than the tenth day of each month following the month
12 for which payment is due. Nothing shall prohibit a school district
13 from forwarding appropriate premiums to the Office prior to the
14 month for which payment is due.

15 SECTION 7. AMENDATORY 74 O.S. 2011, Section 1312.1, as
16 amended by Section 954, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
17 2014, Section 1312.1), is amended to read as follows:

18 Section 1312.1 There is hereby created in the State Treasury a
19 Revolving Fund for the Oklahoma Employees Insurance and Benefits
20 Plan. The revolving fund shall consist of funds transferred from
21 the Health and Dental Insurance Reserve Fund and the Life Insurance
22 Reserve Fund for operational expenses of the State Health and Life
23 Insurance Plan and monies assessed from or collected for and due a
24 ~~Health Maintenance Organization (HMO) as approved by the Office of~~

1 ~~Management and Enterprise Services.~~ Expenditures from said funds
2 shall be made pursuant to the laws of the state and statutes
3 relating to the Plan. This revolving fund shall be a continuing
4 fund, not subject to fiscal year limitations, and shall be under the
5 control and management of the Office.

6 SECTION 8. AMENDATORY 74 O.S. 2011, Section 1321, as
7 amended by Section 966, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
8 2014, Section 1321), is amended to read as follows:

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

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

19 1. For active employees and their dependents, the Office's
20 premium determination shall be made no later than ~~the bid submission~~
21 ~~date for health maintenance organizations set by the Oklahoma State~~
22 ~~Employees Benefits Council, which shall be set in August no later~~
23 ~~than the third Friday of that month~~ August; and
24

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

4 C. The Office may approve a mid-year adjustment provided the
5 need for an adjustment is substantiated by an actuarial
6 determination or more current experience rating. The only
7 publication or notice requirements that shall apply to the Schedule
8 of Benefits shall be those requirements provided in the Oklahoma
9 Open Meeting Act. It is the intent of the Legislature that the
10 benefits provided not include cosmetic dental procedures except for
11 certain orthodontic procedures as adopted by the Director.

12 SECTION 9. AMENDATORY 74 O.S. 2011, Section 1327, as
13 amended by Section 971, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
14 2014, Section 1327), is amended to read as follows:

15 Section 1327. A. All health benefit plans offered by the
16 Office of Management and Enterprise Services which provide for
17 services for vision care or medical diagnosis and treatment for the
18 eye shall allow optometrists to be providers of those services. All
19 such health benefit plans shall also require equal payment for the
20 same services provided by an optometrist if the services are within
21 the scope of practice of optometry.

22 B. With respect to optometric services, any health benefit plan
23 offered by the Office which uses a gatekeeper or equivalent for
24 referrals for services for vision care or for medical diagnosis and

1 treatment of the eye shall require such covered services be provided
2 on a referral basis within the medical group or network at the
3 request of an enrollee who has a condition requiring vision care or
4 medical diagnosis and treatment of the eye if:

5 1. A referral is necessitated in the judgment of the primary
6 care physician; and

7 2. Treatment for the condition falls within the licensed scope
8 of practice of an optometrist.

9 C. All health benefit plans offered by the Office shall have a
10 defined set of standards and procedures for selecting providers,
11 including specialists, to serve enrollees. The standards and
12 procedures shall be drafted in such a manner that they are
13 applicable to all categories of providers ~~and shall be utilized by~~
14 ~~the health maintenance organization in a manner that is without bias~~
15 ~~for or discrimination against a particular category or categories of~~
16 ~~providers.~~

17 D. No health benefit plan specified by this section shall
18 require a provider to have hospital privileges if hospital
19 privileges are not usual and customary for the services the provider
20 provides.

21 E. Nothing in this section shall be construed to:

22 1. Prohibit a health benefit plan offered by the Office which
23 provides for services for vision care or medical diagnosis and
24

1 treatment for the eye from determining the adequacy of the size of
2 its network;

3 2. Prohibit an optometrist from agreeing to a fee schedule;

4 3. Limit, expand, or otherwise affect the scope of practice of
5 optometry; or

6 4. Alter, repeal, modify or affect the laws of this state
7 except where such laws are in conflict or are inconsistent with the
8 express provisions of this section.

9 F. Existing health benefit plans offered by the Office shall
10 comply with the requirements of this section upon issuance or
11 renewal on or after ~~the effective date of this act~~ November 1, 2000.

12 SECTION 10. AMENDATORY 74 O.S. 2011, Section 1362, is
13 amended to read as follows:

14 Section 1362. It is hereby declared that the purpose of Section
15 1361 et seq. of this title is:

16 1. To recognize that the employee benefit needs of individual
17 state employees differ, depending on the age, salary and family
18 status of the employee, and that it is needful to permit
19 participating employees to select and tailor the benefits they
20 receive in a manner calculated to best meet the particular needs of
21 themselves and their families;

22 2. To furnish state employees with choices among various
23 employee benefits or cash compensation;

24

1 3. To provide state employees and their dependents with basic
2 group health insurance, basic group term life insurance, and basic
3 long-term disability insurance;

4 4. To provide state employees and their dependents with
5 optional employee benefits, to include, but not be limited to,
6 enhanced health insurance coverage, ~~health maintenance organization~~
7 ~~services~~, life insurance, dental insurance and enhanced long-term
8 disability insurance;

9 5. To provide state employees with reimbursement for qualifying
10 dependent care expenses for which a dependent care tax credit is not
11 taken, reimbursement for qualifying health care expenses not
12 reimbursed by any other insurance plan or taken as a tax deduction,
13 additional benefits which are currently taxable, additional benefits
14 which are not currently taxable, and cash compensation;

15 6. To provide state employees with tax sheltered income
16 deferment plans;

17 7. To provide uniform benefit options for all state employees
18 regardless of their place of residence within this state;

19 8. To manage the provision of health care benefits in a manner
20 that allows for the long term control of costs;

21 9. To provide for the coordination and design, in accordance
22 with applicable law, of all employee benefits offered to state
23 employees so as to increase the efficient delivery and effectiveness
24 of those benefits;

1 10. To enable the state to attract and retain qualified
2 employees by providing employee benefits which are competitive with
3 those provided private industry;

4 11. To offer uniformity in those benefits that are offered to
5 both state employees and those eligible for participation in the
6 State and Education Employees Group Insurance Act, Section 1301 et
7 seq. of this title;

8 12. To recognize and protect the state's investment in each
9 employee by promoting and preserving good health and longevity among
10 state employees;

11 13. To recognize the service to the state by elected and
12 appointed officials by extending to them the same benefits as are
13 provided under the flexible benefits program to state employees; and

14 14. To recognize long and faithful service, and to encourage
15 employees to remain in state service until eligible for retirement
16 by providing employee benefits.

17 SECTION 11. AMENDATORY 74 O.S. 2011, Section 1366, as
18 amended by Section 976, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
19 2014, Section 1366), is amended to read as follows:

20 Section 1366. A. The Office of Management and Enterprise
21 Services shall establish a flexible benefits plan in accordance with
22 the provisions of Section 1361 et seq. of this title. All
23 participating employers shall offer the plan to their eligible
24 employees.

1 B. The Office shall interpret the plan and decide any matters
2 arising thereunder and may adopt such rules and procedures as it
3 deems necessary, desirable or appropriate in the administration of
4 the plan subject to the Administrative Procedures Act. All rules
5 and decisions of the Office shall be uniformly and consistently
6 applied to all participants in similar circumstances and shall be
7 conclusive and binding on all persons having an interest in the
8 plan. When making any decision or determination, the Office shall
9 be entitled to rely upon such information as may be furnished to it
10 by a participant, a participating employer, legal counsel, third
11 party administrator or the management of any individual benefit plan
12 which is incorporated in the plan.

13 C. The Office may contract with one or more firms or
14 organizations to administer or provide consulting services in regard
15 to all or any portion of the plan.

16 The Office shall solicit proposals on a competitive bid basis.
17 Contracts for the flexible benefits plan shall not be subject to the
18 provisions of The Oklahoma Central Purchasing Act, Section 85.1 et
19 seq. of this title. The Office shall promulgate rules establishing
20 appropriate competitive bidding criteria and procedures for
21 contracts awarded for flexible benefits plans.

22 When awarding a contract for services pursuant to this
23 subsection, the Office shall satisfy itself that the contractor has
24 no interests which would impair its ability to perform the tasks and

1 services required and that the contractor will exercise proper
2 independent judgment when performing its responsibilities under
3 Section 1361 et seq. of this title and under the contract.

4 D. Expenses included in an employee's salary adjustment
5 agreement pursuant to the flexible benefits plan shall be limited to
6 expenses for:

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

11 2. Insurance premiums or retirement plan premiums or payments
12 which are supplemental to insurance or retirement programs offered
13 by this state or which are paid for under salary adjustment
14 agreements pursuant to the provisions of Section 34.70 of Title 62
15 of the Oklahoma Statutes;

16 3. Dependent care;

17 4. Medical care, as defined by the Office; and

18 5. All other eligible benefit programs offered under 26 United
19 States Code Section 125.

20 E. The amount by which an employee's salary is adjusted
21 pursuant to a salary adjustment agreement shall be excluded from
22 income in computation of income tax withholding, federal insurance
23 contributions act taxes, unemployment payments and workers'
24 compensation coverage. Such amount shall be included as income in

1 computation of state retirement contributions and benefits.
2 Provided, if the inclusions and exclusions provided in this
3 subsection conflict with the provisions of federal law or
4 regulations pertaining to flexible benefits plans, the Council is
5 authorized to modify or abolish such inclusions and exclusions.

6 F. 1. Legal representation shall be provided by the Office of
7 the Attorney General.

8 2. The executive director shall be the appointing authority and
9 agency head. All other positions and employees shall be classified
10 and subject to the provisions of the Merit System of Personnel
11 Administration except actuaries and other personnel and positions in
12 the unclassified service as provided in Section 840-5.5 of this
13 title.

14 SECTION 12. AMENDATORY 74 O.S. 2011, Section 1366.1, as
15 amended by Section 977, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
16 2014, Section 1366.1), is amended to read as follows:

17 Section 1366.1 Notwithstanding any other provision of law to
18 the contrary, for contracts relating to the plan year beginning
19 January 1, 2003, and for each plan year thereafter, the Oklahoma
20 Employees Insurance and Benefits Board shall:

21 ~~a.~~ develop geographic service areas and list the zip
22 codes contained in such service areas. ~~Each~~
23 ~~participating health maintenance organization shall~~
24 ~~not be required to offer enrollment in every service~~

1 ~~area as a condition to participation in the State~~
2 ~~Account,~~

3 ~~b. not require participating health maintenance~~
4 ~~organizations to offer a Medicare supplement plan.~~
5 ~~However, if the participating health maintenance~~
6 ~~organization offers a Medicare supplement plan to~~
7 ~~other entities within this state then it shall be~~
8 ~~required to offer a Medicare supplement plan,~~

9 ~~e. require participating health maintenance organizations~~
10 ~~to meet the standardized benefit plan as required by~~
11 ~~the Oklahoma Employees Insurance and Benefits Board.~~
12 ~~However, participating health maintenance~~
13 ~~organizations may offer enhancements in an effort to~~
14 ~~make their plans more attractive and competitive, and~~

15 ~~d. ensure that all premiums are paid to participating~~
16 ~~health maintenance organizations within sixty (60)~~
17 ~~calendar days from receipt of the bill.~~

18 SECTION 13. AMENDATORY 74 O.S. 2011, Section 1366.2, as
19 amended by Section 978, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
20 2014, Section 1366.2), is amended to read as follows:

21 Section 1366.2 Notwithstanding any other provision of law to
22 the contrary, for contracts relating to the plan year beginning
23 January 1, 2003, and for each plan year thereafter, the Oklahoma
24 Employees Insurance and Benefits Board shall-

- 1 ~~a. develop geographic service areas and list the zip~~
2 ~~codes contained in such service areas. Each~~
3 ~~participating health maintenance organization shall~~
4 ~~not be required to offer enrollment in every service~~
5 ~~area as a condition to participation in the State~~
6 ~~Account,~~
- 7 ~~b. not require participating health maintenance~~
8 ~~organizations to offer a Medicare supplement plan;~~
9 ~~provided, however, any participating health~~
10 ~~maintenance organization that offers a Medicare~~
11 ~~supplement plan to other entities within this state~~
12 ~~shall be required to offer a Medicare supplement plan,~~
- 13 ~~c. require participating health maintenance organizations~~
14 ~~to meet the standardized benefit plan as required by~~
15 ~~the Oklahoma Employees Insurance and Benefits Board;~~
16 ~~provided, however, participating health maintenance~~
17 ~~organizations may offer enhancements in an effort to~~
18 ~~make their plans more attractive and competitive, and~~
- 19 ~~d. ensure that all premiums collected are paid to~~
20 ~~participating health maintenance organizations within~~
21 ~~sixty (60) calendar days of receipt.~~

22 SECTION 14. AMENDATORY 74 O.S. 2011, Section 1370, as
23 last amended by Section 4, Chapter 266, O.S.L. 2013 (74 O.S. Supp.
24 2014, Section 1370), is amended to read as follows:

1 Section 1370. A. Subject to the requirement that a participant
2 must elect the default benefits, the basic plan, or is a person who
3 has retired from a branch of the United States military and has been
4 provided with health care through a federal plan, to the extent that
5 it is consistent with federal law, or is an active employee who is
6 eligible to participate and who is a participant who has opted out
7 of the state's basic plan according to the provisions of Section
8 1308.3 of this title, and provides proof of this coverage, flexible
9 benefit dollars may be used to purchase any of the benefits offered
10 by the Oklahoma State Employees Benefits Council under the flexible
11 benefits plan. A participant who has opted out of the state's basic
12 plan and provided proof of other coverage as described in this
13 subsection shall receive One Hundred Fifty Dollars (\$150.00) in lieu
14 of the flexible benefit monthly. A participant's flexible benefit
15 dollars for a plan year shall consist of the sum of (1) flexible
16 benefit allowance credited to a participant by the participating
17 employer, and (2) pay conversion dollars elected by a participant.

18 B. Each participant shall be credited annually with a specified
19 amount as a flexible benefit allowance which shall be available for
20 the purchase of benefits. For participants on a biweekly payroll
21 system the disbursement of the flexible benefit allowance shall be
22 credited over twenty-four pay periods resulting in two pay periods
23 that do not reflect a credit. The amount of the flexible benefit
24

1 allowance credited to each participant shall be communicated to him
2 or her prior to the enrollment period for each plan year.

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

9 1. ~~The greater of the amount of benefit which the participant~~
10 ~~would have qualified for as of plan year 2012, or an An amount equal~~
11 ~~to the monthly premium of the HealthChoice High Option plan fifty~~
12 ~~percent (50%) of the monthly premium for the high-deductible plan,~~
13 the average monthly premiums of the dental plans, the monthly
14 premium of the disability plan, and the monthly premium of the basic
15 life insurance plan offered to state employees or the amount
16 determined by the Council based on a formula for determining a
17 participant's benefit credits consistent with the requirements of 26
18 U.S.C., Section 125(g) (2) and regulations thereunder; or

19 2. The greater of the amount of benefit which the participant
20 would have qualified for as of plan year 2012 or an amount equal to
21 ~~the monthly premium of the HealthChoice High Option plan fifty~~
22 ~~percent (50%) of the monthly premium for the high-deductible plan,~~
23 the average monthly premiums of the dental plans, the monthly
24 premium of the disability plan, and the monthly premium of the basic

1 life insurance plan offered to state employees plus one of the
2 additional amounts as follows for participants who elect to include
3 one or more dependents:

- 4 a. for a spouse, ~~seventy-five percent (75%) of the~~
5 ~~HealthChoice High Option plan~~ twenty-five percent
6 (25%) of the monthly premium for the high-deductible
7 plan, available for coverage of a spouse,
- 8 b. for one child, ~~seventy-five percent (75%) of the~~
9 ~~HealthChoice High Option plan~~ twenty-five percent
10 (25%) of the monthly premium for the high-deductible
11 plan, for coverage of one child,
- 12 c. for two or more children, ~~seventy-five percent (75%)~~
13 ~~of the HealthChoice High Option plan~~ twenty-five
14 percent (25%) of the monthly premium for the high-
15 deductible plan, for coverage of two or more children,
- 16 d. for a spouse and one child, ~~seventy-five percent (75%)~~
17 ~~of the HealthChoice High Option plan~~ twenty-five
18 percent (25%) of the monthly premium for the high-
19 deductible plan, for coverage of a spouse and one
20 child, or
- 21 e. for a spouse and two or more children, ~~seventy-five~~
22 ~~percent (75%) of the HealthChoice High Option plan~~
23 twenty-five percent (25%) of the monthly premium for
24

1 the high-deductible plan, for coverage of a spouse and
2 two or more children.

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

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

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

14 3. The employee's participation in the plan is completely
15 voluntary.

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

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

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

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

1 herein shall affect a participant's obligation to elect the minimum
2 benefits or to accept the default benefits of the plan with
3 corresponding reduction in the sum of his or her flexible benefit
4 allowance equal to the sum total benefit price of such minimum
5 benefits or default benefits.

6 SECTION 15. AMENDATORY 74 O.S. 2011, Section 1371, as
7 amended by Section 979, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
8 2014, Section 1371), is amended to read as follows:

9 Section 1371. A. All participants must purchase at least the
10 basic plan unless, to the extent that it is consistent with federal
11 law, the participant is a person who has retired from a branch of
12 the United States military and has been provided with health
13 coverage through a federal plan and that participant provides proof
14 of that coverage, or the participant has opted out of the state's
15 basic plan according to the provisions in Section 1308.3 of this
16 title. On or before January 1 of the plan year beginning July 1,
17 2001, and July 1 of any plan year beginning after January 1, 2002,
18 the Oklahoma Employees Insurance and Benefits Board shall design the
19 basic plan for the next plan year to insure that the basic plan
20 provides adequate coverage to all participants. All benefit plans,
21 whether offered by the State and Education Employees Group Insurance
22 Board, ~~a health maintenance organization~~ or other vendors shall meet
23 the minimum requirements set by the Board for the basic plan.

24

1 B. The Board shall offer health, disability, life and dental
2 coverage to all participants and their dependents. For ~~health,~~
3 dental, disability and life coverage, the Board shall offer plans at
4 the basic benefit level established by the Board, and in addition,
5 may offer benefit plans that provide an enhanced level of benefits.
6 For health coverage, the Board shall exclusively offer a health
7 savings account paired with a high-deductible health plan. The
8 Board shall be responsible for determining the plan design and the
9 benefit price for the plans that they offer. Effective for the plan
10 year beginning January 1, 2007, and for each plan year thereafter,
11 in setting health insurance premiums for active employees and for
12 retirees under sixty-five (65) years of age, the Board shall set the
13 monthly premium for active employees to be equal to the monthly
14 premium for retirees under sixty-five (65) years of age.

15 ~~Nothing in this subsection shall be construed as prohibiting the~~
16 ~~Board from offering additional medical plans, provided that any~~
17 ~~medical plan offered to participants shall meet or exceed the~~
18 ~~benefits provided in the medical portion of the basic plan.~~

19 ~~C. In lieu of electing any of the preceding medical benefit~~
20 ~~plans, a participant may elect medical coverage by any health~~
21 ~~maintenance organization made available to participants by the~~
22 ~~Board. The benefit price of any health maintenance organization~~
23 ~~shall be determined on a competitive bid basis. Contracts for said~~
24 ~~plans shall not be subject to the provisions of The Oklahoma Central~~

1 ~~Purchasing Act. The Board shall promulgate rules establishing~~
2 ~~appropriate competitive bidding criteria and procedures for~~
3 ~~contracts awarded for flexible benefits plans. All plans offered by~~
4 ~~health maintenance organizations meeting the bid requirements as~~
5 ~~determined by the Board shall be accepted. The Board shall have the~~
6 ~~authority to reject the bid or restrict enrollment in any health~~
7 ~~maintenance organization for which the Board determines the benefit~~
8 ~~price to be excessive. The Board shall have the authority to reject~~
9 ~~any plan that does not meet the bid requirements. All bidders shall~~
10 ~~submit along with their bid a notarized, sworn statement as provided~~
11 ~~by Section 85.22 of this title. Effective for the plan year~~
12 ~~beginning January 1, 2007, and for each plan year thereafter, in~~
13 ~~setting health insurance premiums for active employees and for~~
14 ~~retirees under sixty-five (65) years of age, HMOs, self-insured~~
15 ~~organizations and prepaid plans shall set the monthly premium for~~
16 ~~active employees to be equal to the monthly premium for retirees~~
17 ~~under sixty five (65) years of age.~~

18 ~~D.~~ Nothing in this section shall be construed as prohibiting
19 the Board from offering additional qualified benefit plans or
20 currently taxable benefit plans.

21 ~~E.~~ D. Each employee of a participating employer who meets the
22 eligibility requirements for participation in the flexible benefits
23 plan shall make an annual election of benefits under the plan during
24 an enrollment period to be held prior to the beginning of each plan

1 year. The enrollment period dates will be determined annually and
2 will be announced by the Board, providing the enrollment period
3 shall end no later than thirty (30) days before the beginning of the
4 plan year.

5 Each such employee shall make an irrevocable advance election
6 for the plan year or the remainder thereof pursuant to such
7 procedures as the Board shall prescribe. Any such employee who
8 fails to make a proper election under the plan shall, nevertheless,
9 be a participant in the plan and shall be deemed to have purchased
10 the default benefits described in this section.

11 ~~F.~~ E. The Board shall prescribe the forms that participants
12 will be required to use in making their elections, and may prescribe
13 deadlines and other procedures for filing the elections.

14 ~~G.~~ F. Any participant who, in the first year for which he or
15 she is eligible to participate in the plan, fails to make a proper
16 election under the plan in conformance with the procedures set forth
17 in this section or as prescribed by the Board shall be deemed
18 automatically to have purchased the default benefits. The default
19 benefits shall be the same as the basic plan benefits. Any
20 participant who, after having participated in the plan during the
21 previous plan year, fails to make a proper election under the plan
22 in conformance with the procedures set forth in this section or
23 prescribed by the Board, shall be deemed automatically to have
24 purchased the same benefits which the participant purchased in the

1 immediately preceding plan year, except that the participant shall
2 not be deemed to have elected coverage under the health care
3 reimbursement account plan or the dependent care reimbursement
4 account plan.

5 H. G. Benefit plan contracts with the Board, ~~health maintenance~~
6 ~~organizations,~~ and other third party insurance vendors shall provide
7 for a risk adjustment factor for adverse selection that may occur,
8 as determined by the Board, based on generally accepted actuarial
9 principles.

10 ~~I. 1. For the plan year ending December 31, 2004, employees~~
11 ~~covered or eligible to be covered under the State and Education~~
12 ~~Employees Group Insurance Act and the State Employees Flexible~~
13 ~~Benefits Act who are enrolled in a health maintenance organization~~
14 ~~offering a network in Oklahoma City, shall have the option of~~
15 ~~continuing care with a primary care physician for the remainder of~~
16 ~~the plan year if:~~

- 17 a. ~~that primary care physician was part of a provider~~
18 ~~group that was offered to the individual at enrollment~~
19 ~~and later removed from the network of the health~~
20 ~~maintenance organization, for reasons other than for~~
21 ~~cause, and~~
- 22 b. ~~the individual submits a request in writing to the~~
23 ~~health maintenance organization to continue to have~~
24 ~~access to the primary care physician.~~

1 ~~2. The primary care physician selected by the individual shall~~
2 ~~be required to accept reimbursement for such health care services on~~
3 ~~a fee for service basis only. The fee for service shall be computed~~
4 ~~by the health maintenance organization based on the average of the~~
5 ~~other fee-for-service contracts of the health maintenance~~
6 ~~organization in the local community. The individual shall only be~~
7 ~~required to pay the primary care physician those co-payments,~~
8 ~~coinsurance and any applicable deductibles in accordance with the~~
9 ~~terms of the agreement between the employer and the health~~
10 ~~maintenance organization and the provider shall not balance bill the~~
11 ~~patient.~~

12 ~~3. Any network offered in Oklahoma City that is terminated~~
13 ~~prior to July 1, 2004, shall notify the health maintenance~~
14 ~~organization, and Oklahoma Employees Insurance and Benefits Board by~~
15 ~~June 11, 2004, of the network's intentions to continue providing~~
16 ~~primary care services as described in paragraph 2 of this subsection~~
17 ~~offered by the health maintenance organization to state and public~~
18 ~~employees.~~

19 SECTION 16. REPEALER 74 O.S. 2011, Sections 1307.1, as
20 amended by Section 942, Chapter 304, O.S.L. 2012 and 1329.1, as
21 amended by Section 974, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
22 2014, Sections 1307.1 and 1329.1), are hereby repealed.

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1 SECTION 17. REPEALER 74 O.S. 2011, Section 1375, as
2 amended by Section 19, Chapter 303, O.S.L. 2012 (74 O.S. Supp. 2014,
3 Section 1375), is hereby repealed.

4 SECTION 18. It being immediately necessary for the preservation
5 of the public peace, health and safety, an emergency is hereby
6 declared to exist, by reason whereof this act shall take effect and
7 be in full force from and after its passage and approval.

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