

1 STATE OF OKLAHOMA

2 1st Session of the 58th Legislature (2021)

3 SENATE BILL 650

By: David

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6 AS INTRODUCED

7 An Act relating to state employee benefits; amending
8 74 O.S. 2011, Section 1370, as last amended by
9 Section 4, Chapter 266, O.S.L. 2013 (74 O.S. Supp.
10 2020, Section 1370), which relates to flexible
11 benefit allowance; modifying benefit allowance for
state employees; providing for annual percentage
increase in benefit allowance amount; providing an
effective date; and providing an emergency.

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

14 SECTION 1. AMENDATORY 74 O.S. 2011, Section 1370, as
15 last amended by Section 4, Chapter 266, O.S.L. 2013 (74 O.S. Supp.
16 2020, Section 1370), is amended to read as follows:

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

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

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

18 C. Except as provided in subsection D of this section, for the
19 plan year beginning January 1, 2013, the benefit allowance shall not
20 be less than the Plan Year 2012 benefit allowance amounts, and each
21 plan year thereafter, the amount of a participant's benefit
22 allowance, which shall be the total amount the employer contributes
23 for the payment of insurance premiums or other benefits, shall be:
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1 1. The greater of ~~the amount of benefit which the participant~~
2 ~~would have qualified for as of plan year 2012~~ Seven Hundred Seventy-
3 eight Dollars and sixty-seven cents (\$778.67), or an amount equal to
4 the monthly premium of the HealthChoice High Option plan, the
5 average monthly premiums of the dental plans, the monthly premium of
6 the disability plan, and the monthly premium of the basic life
7 insurance plan offered to state employees or the amount determined
8 by the Council based on a formula for determining a participant's
9 benefit credits consistent with the requirements of 26 U.S.C.,
10 Section 125(g) (2) and regulations thereunder; or

11 2. The greater of ~~the amount of benefit which the participant~~
12 ~~would have qualified for as of plan year 2012~~ Six Hundred Sixty-
13 seven Dollars and thirty-two cents (\$667.32) or an amount equal to
14 the monthly premium of the HealthChoice High Option plan, the
15 average monthly premiums of the dental plans, the monthly premium of
16 the disability plan, and the monthly premium of the basic life
17 insurance plan offered to state employees plus one of the additional
18 amounts as follows for participants who elect to include one or more
19 dependents:

- 20 a. for a spouse, seventy-five percent (75%) of the
21 HealthChoice High Option plan, available for coverage
22 of a spouse,

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

13 For the plan year beginning January 1, 2023, and every year
14 thereafter, the amount of a participant's benefit allowance shall
15 increase by two percent (2%) from the amount provided in the
16 previous plan year.

17 D. To the extent that it is consistent with federal laws and
18 regulations, and in particular the regulations set forth by the
19 Secretary of Defense in 32 C.F.R. Section 199.8(d)(6), a benefit may
20 be provided to an employee who is an eligible TRICARE beneficiary
21 whereby he or she may purchase a group TRICARE Supplemental product
22 under a qualifying cafeteria plan consistent with the requirements
23 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 July 1, 2021.

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

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