

1 **SENATE FLOOR VERSION**

2 February 24, 2021

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL NO. 650

By: David of the Senate

and

Echols of the House

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9 An Act relating to state employee benefits; amending
10 74 O.S. 2011, Section 1370, as last amended by
11 Section 4, Chapter 266, O.S.L. 2013 (74 O.S. Supp.
12 2020, Section 1370), which relates to flexible
benefit allowance; modifying benefit allowance for
state employees; providing an effective date; and
declaring an emergency.

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

16 SECTION 1. AMENDATORY 74 O.S. 2011, Section 1370, as
17 last amended by Section 4, Chapter 266, O.S.L. 2013 (74 O.S. Supp.
18 2020, Section 1370), is amended to read as follows:

19 Section 1370. A. Subject to the requirement that a participant
20 must elect the default benefits, the basic plan, or is a person who
21 has retired from a branch of the United States military and has been
22 provided with health care through a federal plan, to the extent that
23 it is consistent with federal law, or is an active employee who is
24 eligible to participate and who is a participant who has opted out

1 of the state's basic plan according to the provisions of Section
2 1308.3 of this title, and provides proof of this coverage, flexible
3 benefit dollars may be used to purchase any of the benefits offered
4 by the Oklahoma State Employees Benefits Council under the flexible
5 benefits plan. A participant who has opted out of the state's basic
6 plan and provided proof of other coverage as described in this
7 subsection shall receive One Hundred Fifty Dollars (\$150.00) in lieu
8 of the flexible benefit monthly. A participant's flexible benefit
9 dollars for a plan year shall consist of the sum of (1) flexible
10 benefit allowance credited to a participant by the participating
11 employer, and (2) pay conversion dollars elected by a participant.

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

20 C. Except as provided in subsection D of this section, for the
21 plan year beginning January 1, 2013, the benefit allowance shall not
22 be less than the Plan Year 2012 benefit allowance amounts, and each
23 plan year thereafter, the amount of a participant's benefit

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1 allowance, which shall be the total amount the employer contributes
2 for the payment of insurance premiums or other benefits, shall be:

3 1. The greater of ~~the amount of benefit which the participant~~
4 ~~would have qualified for as of plan year 2012~~ Seven Hundred Seventy-
5 eight Dollars and sixty-seven cents (\$778.67), or an amount equal to
6 the monthly premium of the HealthChoice High Option plan, the
7 average monthly premiums of the dental plans, the monthly premium of
8 the disability plan, and the monthly premium of the basic life
9 insurance plan offered to state employees or the amount determined
10 by the Council based on a formula for determining a participant's
11 benefit credits consistent with the requirements of 26 U.S.C.,
12 Section 125(g) (2) and regulations thereunder; or

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

22 a. for a spouse, seventy-five percent (75%) of the
23 HealthChoice High Option plan, available for coverage
24 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 D. To the extent that it is consistent with federal laws and
14 regulations, and in particular the regulations set forth by the
15 Secretary of Defense in 32 C.F.R. Section 199.8(d)(6), a benefit may
16 be provided to an employee who is an eligible TRICARE beneficiary
17 whereby he or she may purchase a group TRICARE Supplemental product
18 under a qualifying cafeteria plan consistent with the requirements
19 of 26 U.S.C., Section 125, provided that:

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

22 2. The employer's only involvement is in providing the
23 administrative support for the benefit under the cafeteria plan; and
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1 3. The employee's participation in the plan is completely
2 voluntary.

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

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

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

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

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

18 SECTION 2. This act shall become effective July 1, 2021.

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

23 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS
24 February 24, 2021 - DO PASS AS AMENDED