

1 STATE OF OKLAHOMA

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

3 CONFERENCE COMMITTEE SUBSTITUTE

4 FOR ENGROSSED

5 SENATE BILL 650

By: David of the Senate

and

Echols, Pittman and Fugate  
of the House

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9 CONFERENCE COMMITTEE SUBSTITUTE

10 An Act relating to state employee benefits; amending  
11 74 O.S. 2011, Section 1370, as last amended by  
12 Section 4, Chapter 266, O.S.L. 2013 (74 O.S. Supp.  
13 2020, Section 1370), which relates to flexible  
benefits 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~~ 2021, or an amount  
5 equal to the monthly premium of the HealthChoice High Option plan,  
6 the average monthly premiums of the dental plans, the monthly  
7 premium of the disability plan, and the monthly premium of the basic  
8 life insurance plan offered to state employees or the amount  
9 determined by the Council based on a formula for determining a  
10 participant's benefit credits consistent with the requirements of 26  
11 U.S.C., Section 125(g) (2) and regulations thereunder; ~~or~~

12 2. The greater of the amount of benefit which the participant  
13 would have qualified for as of plan year ~~2012~~ 2021 or an amount  
14 equal to the monthly premium of the HealthChoice High Option plan,  
15 the average monthly premiums of the dental plans, the monthly  
16 premium of the disability plan, and the monthly premium of the basic  
17 life insurance plan offered to state employees plus one of the  
18 additional amounts as follows for participants who elect to include  
19 one or more dependents:

20 a. for a spouse, seventy-five percent (75%) of the  
21 HealthChoice High Option plan, available for coverage  
22 of a spouse,  
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- 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       3. For the plan year beginning January 1, 2022, 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       4. For the plan year beginning January 1, 2023, 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       5. The greater of the amount of benefit which the participant  
20 would have qualified for as of plan year 2023, or an amount equal to  
21 the monthly premium of the HealthChoice High Option plan, the  
22 average monthly premiums of the dental plans, the monthly premium of  
23 the disability plan and the monthly premium of the basic life  
24 insurance plan offered to state employees plus one of the additional

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