

STATE OF OKLAHOMA

1st Session of the 55th Legislature (2015)

HOUSE BILL 1618

By: Derby

AS INTRODUCED

An Act relating to employee benefits; amending 74 O.S. 2011, Sections 1304.1, as last amended by Section 2, Chapter 266, O.S.L. 2013, 1305.1, as amended by Section 936, Chapter 304, O.S.L. 2012, 1306.1, as amended by Section 937, Chapter 304, O.S.L. 2012, 1306.2, as amended by Section 938, Chapter 304, O.S.L. 2012, 1306.5, as amended by Section 939, Chapter 304, O.S.L. 2012, 1306.6, as amended by Section 940, Chapter 304, O.S.L. 2012, 1307, as amended by Section 941, Chapter 304, O.S.L. 2012, 1307.1, as amended by Section 942, Chapter 304, O.S.L. 2012, 1307.2, as amended by Section 943, Chapter 304, O.S.L. 2012, 1307.3, as amended by Section 944, Chapter 304, O.S.L. 2012, 1308, as amended by Section 945, Chapter 304, O.S.L. 2012, 1308.1, as amended by Section 946, Chapter 304, O.S.L. 2012, 1309, as amended by Section 947, Chapter 304, O.S.L. 2012, 1310.1, as last amended by Section 115, Chapter 15, O.S.L. 2013, 1310.2, as amended by Section 950, Chapter 304, O.S.L. 2012, 1311, as amended by Section 951, Chapter 304, O.S.L. 2012, 1311.1, as amended by Section 952, Chapter 304, O.S.L. 2012, 1312, as amended by Section 953, Chapter 304, O.S.L. 2012, 1312.1, as amended by Section 954, Chapter 304, O.S.L. 2012, 1312.2, as amended by Section 955, Chapter 304, O.S.L. 2012, 1312.3, as amended by Section 956, Chapter 304, O.S.L. 2012, 1314.3, as amended by Section 957, Chapter 304, O.S.L. 2012, 1314.5, as amended by Section 958, Chapter 304, O.S.L. 2012, 1315, as amended by Section 959, Chapter 304, O.S.L. 2012, 1315.1, as amended by Section 960, Chapter 304, O.S.L. 2012, 1316.1, as amended by Section 961, Chapter 304, O.S.L. 2012, 1316.2, as last amended by Section 3, Chapter 419, O.S.L. 2014, 1316.3, as amended by Section 963,

1 Chapter 304, O.S.L. 2012, 1317, as amended by Section
2 964, Chapter 304, O.S.L. 2012, 1318, as amended by
3 Section 965, Chapter 304, O.S.L. 2012, 1320, as
4 amended by Section 15, Chapter 303, O.S.L. 2012,
5 1321, as amended by Section 966, Chapter 304, O.S.L.
6 2012, 1323, as amended by Section 967, Chapter 304,
7 O.S.L. 2012, 1324, as amended by Section 968, Chapter
8 304, O.S.L. 2012, 1325, as amended by Section 969,
9 Chapter 304, O.S.L. 2012, 1326, as amended by Section
10 970, Chapter 304, O.S.L. 2012, 1327, as amended by
11 Section 971, Chapter 304, O.S.L. 2012, 1328, as
12 amended by Section 972, Chapter 304, O.S.L. 2012,
13 1329, as amended by Section 973, Chapter 304, O.S.L.
14 2012 and 1329.1, as amended by Section 974, Chapter
15 304, O.S.L. 2012 (74 O.S. Supp. 2014, Sections
16 1304.1, 1305.1, 1306.1, 1306.2, 1306.5, 1306.6, 1307,
17 1307.1, 1307.2, 1307.3, 1308, 1308.1, 1309, 1310.1,
18 1310.2, 1311, 1311.1, 1312, 1312.1, 1312.2, 1312.3,
19 1314.3, 1314.5, 1315, 1315.1, 1316.1, 1316.2, 1316.3,
20 1317, 1318, 1320, 1321, 1323, 1324, 1325, 1326, 1327,
21 1328, 1329 and 1329.1), which relate to the Oklahoma
22 Employees Insurance and Benefits Act; abolishing the
23 Oklahoma Employees Insurance and Benefits Board;
24 transferring powers and duties of providing and
managing state employee benefits to the Oklahoma
Health Care Authority; removing certain Board
membership; removing certain Board requirements;
modifying references; amending 74 O.S. 2011, Section
1343, as amended by Section 975, Chapter 304, O.S.L.
2012 (74 O.S. Supp. 2014, Section 1343), which
relates to the State Employees Flexible Benefits Act;
modifying references; amending 74 O.S. 2011, Sections
1366, as amended by Section 976, Chapter 304, O.S.L.
2012, 1372, as amended by Section 980, Chapter 304,
O.S.L. 2012, 1373, as amended by Section 981, Chapter
304, O.S.L. 2012, 1374, as amended by Section 982,
Chapter 304, O.S.L. 2012 and 1375, as amended by
Section 19, Chapter 303, O.S.L. 2012 (74 O.S. Supp.
2014, Sections 1366, 1372, 1373, 1374 and 1375),
which relate to the Oklahoma State Employees Benefits
Act; modifying references; and providing an effective
date.

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

2 SECTION 1. AMENDATORY 74 O.S. 2011, Section 1304.1, as
3 last amended by Section 2, Chapter 266, O.S.L. 2013 (74 O.S. Supp.
4 2014, Section 1304.1), is amended to read as follows:

5 Section 1304.1 A. The State and Education Employees Group
6 Insurance Board and the Oklahoma State Employees Benefits Council
7 are hereby abolished.

8 B. The Oklahoma Employees Insurance and Benefits Board is
9 hereby abolished. All duties and powers of providing and managing
10 state employee health, dental, life and disability insurance and
11 benefits under the Oklahoma Employees Insurance Benefits Act, State
12 Employees Disability Program Act and State Employees Flexible
13 Benefits Act shall be transferred from the Oklahoma Employees
14 Insurance and Benefits Board and the Office of Management and
15 Enterprise Services to the Oklahoma Health Care Authority. Wherever
16 the State and Education Employees Group Insurance Board and, the
17 Oklahoma State Employees Benefits Council and the Oklahoma Employees
18 Insurance and Benefits Board are referenced in law, that reference
19 shall be construed to mean the Oklahoma ~~Employees Insurance and~~
20 ~~Benefits Board~~ Health Care Authority.

21 ~~B. There is hereby created the Oklahoma Employees Insurance and~~
22 ~~Benefits Board.~~

23 ~~C. The chair and vice chair shall be elected by the Board~~
24 ~~members at the first meeting of the Board and shall preside over~~

1 ~~meetings of the Board and perform other duties as may be required by~~
2 ~~the Board. Upon the resignation or expiration of the term of the~~
3 ~~chair or vice chair, the members shall elect a chair or vice chair.~~
4 ~~The Board shall elect one of its members to serve as secretary.~~

5 ~~D. The Board shall consist of seven (7) members to be appointed~~
6 ~~as follows:~~

7 ~~1. The State Insurance Commissioner, or designee;~~

8 ~~2. Four members shall be appointed by the Governor;~~

9 ~~3. One member shall be appointed by the Speaker of the Oklahoma~~
10 ~~House of Representatives; and~~

11 ~~4. One member shall be appointed by the President Pro Tempore~~
12 ~~of the State Senate.~~

13 ~~E. The appointed members shall:~~

14 ~~1. Have demonstrated professional experience in investment or~~
15 ~~funds management, public funds management, public or private group~~
16 ~~health or pension fund management, or group health insurance~~
17 ~~management;~~

18 ~~2. Be licensed to practice law in this state and have~~
19 ~~demonstrated professional experience in commercial matters; or~~

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

22 ~~In making appointments that conform to the requirements of this~~
23 ~~subsection, at least one but not more than three members shall be~~
24

1 ~~appointed each from paragraphs 2 and 3 of this subsection by the~~
2 ~~combined appointing authorities.~~

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

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

6 ~~1. The appointed members shall each receive compensation of~~
7 ~~Five Hundred Dollars (\$500.00) per month. Appointed members who~~
8 ~~fail to attend a regularly scheduled meeting of the Board shall not~~
9 ~~receive the related compensation;~~

10 ~~2. The appointed members shall be reimbursed for their~~
11 ~~expenses, according to the State Travel Reimbursement Act, as are~~
12 ~~incurred in the performance of their duties, which shall be paid~~
13 ~~from the Health Insurance Reserve Fund;~~

14 ~~3. In the event an appointed member does not attend at least~~
15 ~~seventy five percent (75%) of the regularly scheduled meetings of~~
16 ~~the Board during a calendar year, the appointing authority may~~
17 ~~remove the member;~~

18 ~~4. A member may also be removed for any other cause as provided~~
19 ~~by law;~~

20 ~~5. No Board member shall be individually or personally liable~~
21 ~~for any action of the Board; and~~

22 ~~6. Participation on the Board is contingent upon maintaining~~
23 ~~all necessary annual training as may be required through the Health~~
24 ~~Insurance Portability and Accountability Act of 1996, Medicare~~

1 ~~contracting requirements or other statutory or regulatory~~
2 ~~guidelines.~~

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

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

20 ~~J. Any vacancy occurring on the Board shall be filled for the~~
21 ~~unexpired term of office in the same manner as provided for in~~
22 ~~subsection D of this section.~~

23
24

1 ~~K. The Board shall act in accordance with the provisions of the~~
2 ~~Oklahoma Open Meeting Act, the Oklahoma Open Records Act and the~~
3 ~~Administrative Procedures Act.~~

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

17 ~~M. C. The Office of Management and Enterprise Services Oklahoma~~
18 ~~Health Care Authority shall have the following duties,~~
19 ~~responsibilities and authority with respect to the administration of~~
20 ~~the flexible benefits plan authorized pursuant to the State~~
21 ~~Employees Flexible Benefits Act:~~

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

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

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

6 4. Beginning with the plan year which begins on January 1,
7 2013, to select and contract with one or more providers to offer a
8 group TRICARE Supplement product to eligible employees who are
9 eligible TRICARE beneficiaries. Any membership dues required to
10 participate in a group TRICARE Supplement product offered pursuant
11 to this paragraph shall be paid by the employee. As used in this
12 paragraph, "TRICARE" means the Department of Defense health care
13 program for active duty and retired service members and their
14 families;

15 5. To prepare and distribute information communicating and
16 explaining the plan to participating employers and participants.
17 Health Maintenance Organizations or other third-party insurance
18 vendors may be directly or indirectly involved in the distribution
19 of communicated information to participating state agency employers
20 and state employee participants subject to the following condition:
21 the Board shall verify all marketing and communications information
22 for factual accuracy prior to distribution;

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

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

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

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

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

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

18 11. To promulgate administrative rules for the competitive
19 negotiation process;

20 12. To require vendors offering coverage to provide such
21 enrollment and claims data as is determined by the Board. The Board
22 shall be authorized to retain as confidential any proprietary
23 information submitted in response to the Board's Request For
24 Proposal. Provided, however, that any such information requested by

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

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

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

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

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

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

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

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

19 17. To promulgate election and claim forms to be used by
20 participants;

21 18. To adopt rules requiring payment for medical and dental
22 services and treatment rendered by duly licensed hospitals,
23 physicians and dentists. Unless the Board has otherwise contracted
24 with the out-of-state health care provider, the Board shall

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

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

23 20. To create the establishment of a grievance procedure by
24 which a three-member grievance panel shall act as an appeals body

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

20 21. To intercept monies owing to plan participants from other
21 state agencies, when those participants in turn owe money to the
22 ~~Office of Management and Enterprise Services~~ Oklahoma Health Care
23 Authority, and to ensure that the participants are afforded due
24 process of law.

1 ~~N.~~ D. Except for a breach of fiduciary obligation, a Board
2 member shall not be individually or personally responsible for any
3 action of the Board.

4 ~~O.~~ ~~The Board shall operate in an advisory capacity to the~~
5 ~~Office of Management and Enterprise Services.~~

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

11 SECTION 2. AMENDATORY 74 O.S. 2011, Section 1305.1, as
12 amended by Section 936, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
13 2014, Section 1305.1), is amended to read as follows:

14 Section 1305.1 (1) The ~~Director~~ Administrator of the ~~Office of~~
15 ~~Management and Enterprise Services~~ Oklahoma Health Care Authority
16 and the Oklahoma Employees Insurance and Benefits Board shall
17 discharge their duties with respect to the Oklahoma Employees
18 Insurance and Benefits Act, the State Employees Flexible Benefits
19 Act and the State Employees Disability Program Act solely in the
20 interest of said Acts and:

- 21 (a) for the exclusive purpose of:
- 22 (i) providing benefits to the participants and their
23 dependents, and
- 24

1 (ii) defraying reasonable expenses of administering the
2 Oklahoma Employees Insurance and Benefits Act, the
3 State Employees Flexible Benefits Act and the State
4 Employees Disability Program Act;

5 (b) with the care, skill, prudence, and diligence under the
6 circumstances then prevailing that a prudent person acting in a like
7 capacity and familiar with such matters would use in the conduct of
8 an enterprise of a like character and with like aims;

9 (c) by diversifying investments so as to minimize the risk of
10 large losses, unless under the circumstances it is clearly prudent
11 not to do so; and

12 (d) in accordance with the laws, documents and instruments
13 governing the Oklahoma Employees Insurance and Benefits Act, the
14 State Employees Flexible Benefits Act and the State Employees
15 Disability Program Act.

16 (2) The monies received by the ~~Office of Management and~~
17 ~~Enterprise Services~~ Oklahoma Health Care Authority shall be invested
18 only in assets eligible for the investment of funds of legal reserve
19 life insurance companies in this state as provided for in Sections
20 1602 through 1611, 1613 through 1620, and 1622 through 1624 of Title
21 36 of the Oklahoma Statutes. The term admitted assets shall mean
22 the amount of the monies received by the ~~Office~~ Authority and the
23 provisions relating to limitation of investments as a percentage of
24 surplus and loans to policyholders shall be inapplicable with

1 respect to investment of the monies received by the ~~Office~~
2 Authority.

3 (3) The ~~Office~~ Authority may procure insurance indemnifying the
4 members of the Board and the Director from personal loss or
5 accountability from liability resulting from action or inaction.

6 (4) The ~~Director~~ Administrator may establish an investment
7 committee. The investment committee shall be composed of not more
8 than three (3) members of the Board selected by the ~~Director~~
9 Administrator. The committee shall make recommendations to the full
10 Board on all matters related to the choice of custodians and
11 managers of the assets of the ~~Office of Management and Enterprise~~
12 ~~Services~~ Oklahoma Health Care Authority relating to the Oklahoma
13 Employees Insurance and Benefits Act, on the establishment of
14 investment and fund management guidelines, and in planning future
15 investment policy. The committee shall have no authority to act on
16 behalf of the Board or ~~Director~~ Administrator in any circumstances
17 whatsoever. No recommendation of the committee shall have effect as
18 an action of the Board or ~~Director~~ Administrator nor take effect
19 without the approval of the Board or ~~Director~~ Administrator.

20 (5) The Board shall retain qualified investment managers to
21 provide for the investment of the monies received by the ~~Office~~
22 Authority. The investment managers shall be chosen by a
23 solicitation of proposals on a competitive bid basis pursuant to
24 standards set by the Board. Subject to the overall investment

1 guidelines set by the Board, the investment managers shall have full
2 discretion in the management of those monies of the ~~Office~~ Authority
3 allocated to the investment managers. The Board shall manage those
4 monies not specifically allocated to the investment managers. The
5 monies of the ~~Office~~ Authority allocated to the investment managers
6 shall be actively managed by the investment managers, which may
7 include selling investments and realizing losses if such action is
8 considered advantageous to longer term return maximization. Because
9 of the total return objective, no distinction shall be made for
10 management and performance evaluation purposes between realized and
11 unrealized capital gains and losses.

12 (6) Funds and revenues for investment by the investment
13 managers or the Board shall be placed with a custodian selected by
14 the Board. The custodian shall be a bank or trust company offering
15 pension fund master trustee and master custodial services. The
16 custodian shall be chosen by a solicitation of proposals on a
17 competitive bid basis pursuant to standards set by the Board. In
18 compliance with the investment policy guidelines of the Board, the
19 custodian bank or trust company shall be contractually responsible
20 for ensuring that all monies of the ~~Office~~ Authority are invested in
21 income-producing investment vehicles at all times. If a custodian
22 bank or trust company has not received direction from the investment
23 managers of the ~~Office~~ Authority as to the investment of the monies
24 of the ~~Office~~ Authority in specific investment vehicles, the

1 | custodian bank or trust company shall be contractually responsible
2 | to the Office for investing the monies in appropriately
3 | collateralized short-term interest-bearing investment vehicles.

4 | (7) Prior to August 1 of each year, the Board shall develop a
5 | written investment plan for the monies received by the Office.

6 | (8) The Administrator shall compile a quarterly financial
7 | report of all the funds of the ~~Office~~ Authority on a calendar year
8 | basis. The report shall be compiled pursuant to uniform reporting
9 | standards prescribed by the Insurance Commissioner for all domestic
10 | insurance companies. The report shall include several relevant
11 | measures of investment value, including acquisition cost and current
12 | fair market value with appropriate summaries of total holdings and
13 | returns. The report shall contain combined and individual rate of
14 | returns of the investment managers by category of investment, over
15 | periods of time. The report shall be distributed to the Governor,
16 | the Legislative Service Bureau and the Joint Committee on Fiscal
17 | Operations.

18 | SECTION 3. AMENDATORY 74 O.S. 2011, Section 1306.1, as
19 | amended by Section 937, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
20 | 2014, Section 1306.1), is amended to read as follows:

21 | Section 1306.1 A. ~~The Office of Management and Enterprise~~
22 | ~~Services~~ Oklahoma Health Care Authority shall have the right of
23 | subrogation to recover any payments made for injury to an employee
24 | or dependent caused by a third party's wrongful act or negligence.

1 The ~~Office~~ Authority shall have the authority to waive or reduce
2 subrogation in individual cases when the exercise of the right of
3 subrogation would create an extreme financial hardship on the
4 employee or dependent.

5 B. Subrogation will exist only to the extent of actual claims
6 paid.

7 C. If an employee or dependent has prejudiced the Office's
8 right of subrogation by releasing the responsible party prior to
9 submitting claims to the ~~Office~~ Authority, the claims may be denied
10 by the ~~Office~~ Authority. If claims are submitted and paid after the
11 employee or dependent has released the responsible party, the ~~Office~~
12 Authority shall be entitled to bring an action against the employee,
13 dependent, or their assignees, for any such claims paid and for
14 additional costs incurred by the ~~Office~~ Authority including, but not
15 limited to: interest, administrative and adjudicative costs, and
16 attorney fees.

17 SECTION 4. AMENDATORY 74 O.S. 2011, Section 1306.2, as
18 amended by Section 938, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
19 2014, Section 1306.2), is amended to read as follows:

20 Section 1306.2 A. The ~~Director~~ Administrator of the ~~Office of~~
21 ~~Management and Enterprise Services~~ Oklahoma Health Care Authority
22 shall submit to the Insurance Commissioner the following information
23 regarding utilization review performed by employees of the ~~Office~~
24 Authority:

- 1 1. A utilization review plan that includes:
 - 2 a. an adequate summary description of review standards,
3 protocol and procedures to be used in evaluating
4 proposed or delivered hospital and medical care,
 - 5 b. assurances that the standards and criteria to be
6 applied in review determinations are established with
7 input from health care providers representing major
8 areas of specialty and certified by the boards of the
9 various American medical specialties, and
 - 10 c. the provisions by which patients or health care
11 providers may seek reconsideration or appeal of
12 adverse decisions concerning requests for medical
13 evaluation, treatment or procedures;
- 14 2. The type and qualifications of the personnel either employed
15 or under contract to perform the utilization review;
- 16 3. The procedures and policies to ensure that an employee of
17 the ~~Office~~ Authority is reasonably accessible to patients and health
18 care providers five (5) days a week during normal business hours,
19 such procedures and policies to include as a requirement a toll-free
20 telephone number to be available during said business hours;
- 21 4. The policies and procedures to ensure that all applicable
22 state and federal laws to protect the confidentiality of individual
23 medical records are followed;

24

1 5. The policies and procedures to verify the identity and
2 authority of personnel performing utilization review by telephone;

3 6. A copy of the materials designed to inform applicable
4 patients and health care providers of the requirements of the
5 utilization review plan;

6 7. The procedures for receiving and handling complaints by
7 patients, hospitals and health care providers concerning utilization
8 review; and

9 8. Procedures to ensure that after a request for medical
10 evaluation, treatment, or procedures has been rejected in whole or
11 in part and in the event a copy of the report on said rejection is
12 requested, a copy of the report of the personnel performing
13 utilization review concerning the rejection shall be mailed by the
14 insurer, postage prepaid, to the ill or injured person, the treating
15 health care provider, hospital or to the person financially
16 responsible for the patient's bill within fifteen (15) days after
17 receipt of the request for the report.

18 B. The ~~Office~~ Authority shall pay an annual fee to the
19 Insurance Commissioner of Five Hundred Dollars (\$500.00).

20 SECTION 5. AMENDATORY 74 O.S. 2011, Section 1306.5, as
21 amended by Section 939, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
22 2014, Section 1306.5), is amended to read as follows:

23 Section 1306.5 A network provider facility or physician
24 contract, or any part or section of it, may be amended at any time

1 during the term of the contract only by mutual written consent of
2 duly authorized representatives of the ~~Office of Management and~~
3 ~~Enterprise Services~~ Oklahoma Health Care Authority and the facility
4 or physician.

5 SECTION 6. AMENDATORY 74 O.S. 2011, Section 1306.6, as
6 amended by Section 940, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
7 2014, Section 1306.6), is amended to read as follows:

8 Section 1306.6 The ~~Director~~ Administrator of the ~~Office of~~
9 ~~Management and Enterprise Services~~ Oklahoma Health Care Authority,
10 in accordance with administering the Medical Expense Liability
11 Revolving Fund pursuant to Section 746.1 of Title 19 of the Oklahoma
12 Statutes, shall employ, appoint, or otherwise designate the
13 necessary personnel to carry out the duties of the fund.

14 SECTION 7. AMENDATORY 74 O.S. 2011, Section 1307, as
15 amended by Section 941, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
16 2014, Section 1307), is amended to read as follows:

17 Section 1307. A. The specifications drawn by the ~~Office of~~
18 ~~Management and Enterprise Services~~ Oklahoma Health Care Authority
19 for the Health Insurance Plan shall provide for comprehensive
20 hospital medical and surgical benefits. The Health Insurance Plan
21 may limit coverage for a particular illness, disease, injury or
22 condition; but, except for such limits, shall not exclude or limit
23 particular services or procedures that can be provided for the
24 diagnosis and treatment of an illness, disease, injury or condition,

1 so long as the services and procedures provided are of sound
2 efficacy, are medically necessary, and fall within the licensed
3 scope of practice of the practitioner providing same. The Health
4 Insurance Plan may contract with providers for specific services
5 based on levels of outcomes defined by the ~~Office~~ Authority and
6 achieved by the provider. The Health Insurance Plan may provide for
7 the application of deductibles and copayment or coinsurance
8 provisions, when equally applied to all covered charges for services
9 and procedures that can be provided by any practitioner for the
10 diagnosis and treatment of a particular illness, disease, injury or
11 condition unless deductibles, copayments or coinsurance variations
12 are based on contracts with providers for specific services based on
13 levels of outcomes.

14 B. The Life Insurance Plan shall include Accidental Death and
15 Dismemberment Benefits and additional optional life insurance
16 coverage.

17 SECTION 8. AMENDATORY 74 O.S. 2011, Section 1307.1, as
18 amended by Section 942, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
19 2014, Section 1307.1), is amended to read as follows:

20 Section 1307.1 No employee or dependent who participates in an
21 HMO through the Oklahoma Employees Insurance and Benefits Act shall
22 be denied the right of changing the primary care physician to any
23 other primary care physician within the HMO. The employee or
24 dependent shall notify the HMO in writing of any change in the

1 choice of primary care physician forty-five (45) days in advance of
2 the change by certified mail with return receipt requested. Any
3 such change in a primary care physician shall not be subject to the
4 approval of the HMO, the ~~Office of Management and Enterprise~~
5 ~~Services~~ Oklahoma Health Care Authority or state agency.

6 SECTION 9. AMENDATORY 74 O.S. 2011, Section 1307.2, as
7 amended by Section 943, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
8 2014, Section 1307.2), is amended to read as follows:

9 Section 1307.2 On and after November 1, 1996, the ~~Office of~~
10 ~~Management and Enterprise Services~~ Oklahoma Health Care Authority
11 shall include coverage for equipment, supplies and related services
12 for the treatment of Type I, Type II, and gestational diabetes as
13 provided by and pursuant to the provisions of Section 6060.2 of
14 Title 36 of the Oklahoma Statutes.

15 SECTION 10. AMENDATORY 74 O.S. 2011, Section 1307.3, as
16 amended by Section 944, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
17 2014, Section 1307.3), is amended to read as follows:

18 Section 1307.3 Unless the ~~Office of Management and Enterprise~~
19 ~~Services~~ Oklahoma Health Care Authority has otherwise contracted
20 with an out-of-state provider, the ~~Office~~ Authority shall pay for
21 medical services and treatment rendered by an out-of-state provider
22 at the same level paid to an in-state provider if the insured was
23 referred to the out-of-state provider by a physician or it was an
24 emergency situation and the out-of-state provider which offers the

1 type of services needed is the closest provider in proximity to the
2 place of residence of the employee.

3 SECTION 11. AMENDATORY 74 O.S. 2011, Section 1308, as
4 amended by Section 945, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
5 2014, Section 1308), is amended to read as follows:

6 Section 1308. (1) Any employee eligible for membership in the
7 Health Insurance Plan, Dental Insurance Plan or Life Insurance Plan
8 upon its effective date shall be enrolled in the plan unless the
9 employee elects not to be enrolled within thirty (30) days of the
10 effective dates. The employee shall be advised of Health
11 Maintenance Organization prepaid plans available as an alternative
12 to the state self-insured Health Insurance Plan. ~~The Office of~~
13 ~~Management and Enterprise Services~~ Oklahoma Health Care Authority
14 shall establish the procedure by which eligible employees not
15 electing to be enrolled initially in the Health Insurance Plan,
16 Dental Insurance Plan or Life Insurance Plan may be subsequently
17 enrolled.

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

22 SECTION 12. AMENDATORY 74 O.S. 2011, Section 1308.1, as
23 amended by Section 946, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
24 2014, Section 1308.1), is amended to read as follows:

1 Section 1308.1 (1) An educational entity may extend the
2 benefits of the health insurance plan, the dental insurance plan,
3 and the life insurance plan to education employees employed by the
4 entity. The benefits of the plans for an education employee shall
5 be the same and shall include the same plan options as would be made
6 available to a state employee participating in the plan that resided
7 at the same location. Notwithstanding the provisions of Section
8 1308.2 of this title, a period shall exist for enrolling education
9 entities from April 1, 1989 through October 1, 1991, whereby
10 education employees of a participating education entity may be
11 enrolled, pursuant to this act, during the entities' initial
12 enrollment period, regardless of preexisting conditions. The ~~Office~~
13 ~~of Management and Enterprise Services~~ Oklahoma Health Care Authority
14 shall adopt rules and regulations for enrollment by which education
15 entities may apply to participate in the insurance plans. Once an
16 education entity becomes a participant in the health and dental
17 insurance plans offered through the Oklahoma Employees Insurance and
18 Benefits Act, the education entity may withdraw from participation,
19 in a manner prescribed by the ~~Office~~ Authority. If a school
20 district is participating in the health and dental insurance plans
21 pursuant to the Oklahoma Employees Insurance and Benefits Act,
22 Sections 1301 through 1329.1 of this title, the employees of the
23 school district who are eligible to participate in the health and
24 dental plans, at such time as the school district may withdraw from

1 such participation, may require the board of education of the school
2 district to call an election to allow the employees to vote as to
3 whether the school district shall continue participation in the
4 health and dental insurance plans offered through the Oklahoma
5 Employees Insurance and Benefits Act. Upon the filing with the
6 board of education of a petition calling for such an election which
7 is signed by no less than thirty percent (30%) of the eligible
8 employees of the school district, the board of education shall call
9 an election for the purpose of determining whether the school
10 district shall continue participation in the health and dental
11 insurance plans offered through the Oklahoma Employees Insurance and
12 Benefits Act. The election shall be held within thirty (30) days of
13 the filing of the petition. If a majority of those eligible
14 employees voting at the election vote to continue participation in
15 the health and dental insurance plans offered through the Oklahoma
16 Employees Insurance and Benefits Act, the board of education shall
17 be prohibited from withdrawing the school district from such
18 participation. If a majority of those eligible employees voting at
19 the election vote against continued participation in the health and
20 dental insurance plans offered through the Oklahoma Employees
21 Insurance and Benefits Act, the board of education of the school
22 district shall apply to discontinue such participation within thirty
23 (30) days of the election and within the times the school district
24

1 is authorized to withdraw from participation in accordance with
2 rules established for withdrawal by the ~~Office~~ Authority.

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

13 (3) Any employee of an education entity participating in the
14 health and dental insurance plans offered through the Oklahoma
15 Employees Insurance and Benefits Act who is employed after the
16 education entity began said participation may be enrolled in the
17 health and dental insurance plans or HMO plans approved by the
18 ~~Office~~ Authority on the first day of the second month of employment.

19 (4) Upon initial enrollment of an institution of higher
20 education to participate in the health and dental insurance plans
21 offered through the Oklahoma Employees Insurance and Benefits Act,
22 all individuals presently insured by said institution's present
23 group health insurance plan shall become enrolled in said state
24

1 plans for the remaining period of said institution's contractual
2 liabilities.

3 (5) Education employees who shall be absent from the teaching
4 service because of election or appointment as a local, state, or
5 national education association officer shall be allowed to retain
6 coverage pursuant to the Oklahoma Employees Insurance and Benefits
7 Act upon the payment of the full cost of the coverage at the rate
8 and under such terms and conditions established by the ~~Office~~
9 Authority.

10 (6) Except as otherwise provided by law, an educational entity
11 may cease to participate in the Oklahoma Employees Insurance and
12 Benefits Act but provide health insurance coverage through another
13 insurance carrier. The subsequent carrier shall provide coverage to
14 the employees of the educational entity who terminated employment
15 with a retirement benefit, with a vested benefit, or who have ten
16 (10) or more years of service with a participating educational
17 entity but did not have a vested benefit through the retirement
18 system of the educational entity, if the election to retain health
19 insurance coverage was made within thirty (30) days of termination
20 of employment. Coverage shall also be provided to the eligible
21 dependents of the employees if an election to retain coverage is
22 made within thirty (30) days of termination of employment.

23
24

1 SECTION 13. AMENDATORY 74 O.S. 2011, Section 1309, as
2 amended by Section 947, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
3 2014, Section 1309), is amended to read as follows:

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

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

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

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

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

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

24

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

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

12 SECTION 15. AMENDATORY 74 O.S. 2011, Section 1310.2, as
13 amended by Section 950, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
14 2014, Section 1310.2), is amended to read as follows:

15 Section 1310.2 A school district shall pay fifty percent (50%)
16 of the cost of the individual health care premium amount for school
17 district employees who are not otherwise covered pursuant to Section
18 1310.1 of this title or Section 26-105 of Title 70 of the Oklahoma
19 Statutes, if such employee elects health care coverage under a plan
20 offered by a school district, including a plan offered by the ~~Office~~
21 ~~of Management and Enterprise Services~~ Oklahoma Health Care Authority
22 or a self-insured plan offered by the school district.

23
24

1 SECTION 16. AMENDATORY 74 O.S. 2011, Section 1311, as
2 amended by Section 951, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
3 2014, Section 1311), is amended to read as follows:

4 Section 1311. The amount of monthly contribution to be made by
5 employees enrolled in the Insurance Plans shall be deducted from the
6 monthly salaries of such employees and remitted to the ~~Office of~~
7 ~~Management and Enterprise Services~~ Oklahoma Health Care Authority.
8 The procedure for such deductions and remittances shall be
9 established by the Director.

10 SECTION 17. AMENDATORY 74 O.S. 2011, Section 1311.1, as
11 amended by Section 952, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
12 2014, Section 1311.1), is amended to read as follows:

13 Section 1311.1 The amount of monthly contribution to be made by
14 persons who are drawing disability benefits under Section 1331 et
15 seq. of this title and who are enrolled in the Insurance Plans shall
16 be deducted from the monthly disability benefits of such persons and
17 remitted to the ~~Office of Management and Enterprise Services~~
18 Oklahoma Health Care Authority. The procedures for such deductions
19 and remittances shall be established by the ~~Office~~ Authority.

20 SECTION 18. AMENDATORY 74 O.S. 2011, Section 1312, as
21 amended by Section 953, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
22 2014, Section 1312), is amended to read as follows:

23 Section 1312. (1) Except as otherwise provided by law, all
24 employee and employer contributions, appropriations and dividend

1 payments related to the health and dental plans administered by the
2 ~~Director~~ Administrator of the ~~Office of Management and Enterprise~~
3 ~~Services~~ Oklahoma Health Care Authority shall be deposited in a fund
4 in the State Treasury which is hereby created and which shall be
5 known as the Health and Dental Insurance Reserve Fund. The money in
6 such fund shall be invested by the Oklahoma Employees Insurance and
7 Benefits Board in the manner specified in Section 1305.1 of this
8 title. Investment income of the fund shall be added to the fund.
9 Money payable to the claims administrator and all expenses in
10 connection with the plans shall be paid from the fund. The Board
11 shall have responsibility for management of the fund.

12 (2) All monies in the Health and Dental Insurance Reserve Fund
13 that are reserves for the life insurance plan administered by the
14 ~~Office~~ Authority shall be transferred to the Life Insurance Reserve
15 Fund on July 1, 1989.

16 SECTION 19. AMENDATORY 74 O.S. 2011, Section 1312.1, as
17 amended by Section 954, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
18 2014, Section 1312.1), is amended to read as follows:

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

1 Health Maintenance Organization (HMO) as approved by the ~~Office of~~
2 ~~Management and Enterprise Services~~ Oklahoma Health Care Authority.
3 Expenditures from said funds shall be made pursuant to the laws of
4 the state and statutes relating to the Plan. This revolving fund
5 shall be a continuing fund, not subject to fiscal year limitations,
6 and shall be under the control and management of the ~~Office~~
7 Authority.

8 SECTION 20. AMENDATORY 74 O.S. 2011, Section 1312.2, as
9 amended by Section 955, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
10 2014, Section 1312.2), is amended to read as follows:

11 Section 1312.2 (1) There is hereby created in the State
12 Treasury, the Life Insurance Reserve Fund. Except as otherwise
13 provided by law, all contributions, appropriations, transfers,
14 dividend payments, and investment income of the fund received from
15 or for the benefit of the life insurance plan administered by the
16 ~~Office of Management and Enterprise Services~~ Oklahoma Health Care
17 Authority shall be deposited in the reserve fund.

18 The monies in said reserve fund shall be invested by the
19 Oklahoma Employees Insurance and Benefits Board in the manner
20 specified in Section 1305.1 of this title. The Board shall have
21 responsibility for management of the fund.

22 Money payable to the claims administrator and all expenses in
23 connection with the life insurance plan shall be paid from the
24 reserve fund.

1 (2) All monies in the Life Insurance Reserve Fund that are
2 reserves for the health and dental plans administered by the ~~Office~~
3 ~~of Management and Enterprise Services~~ Oklahoma Health Care Authority
4 shall be transferred to the Health and Dental Insurance Reserve Fund
5 on July 1, 1989.

6 SECTION 21. AMENDATORY 74 O.S. 2011, Section 1312.3, as
7 amended by Section 956, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
8 2014, Section 1312.3), is amended to read as follows:

9 Section 1312.3 There is hereby created in the State Treasury,
10 the Oklahoma Employees Insurance and Benefits Clearing Fund. The
11 monies paid to the Oklahoma Employees Insurance and Benefits
12 Clearing Fund pursuant to Section 1310 of this title shall be
13 distributed as follows:

14 1. The first Thirty-one Million Five Hundred Thousand Dollars
15 (\$31,500,000.00) received after the effective date of this act
16 during the fiscal year beginning July 1, 1996, shall be distributed
17 to the Oklahoma State Regents for Higher Education; and

18 2. The balance thereof shall be distributed to and deposited in
19 the appropriate reserve fund as directed by the ~~Office of Management~~
20 ~~and Enterprise Services~~ Oklahoma Health Care Authority.

21 SECTION 22. AMENDATORY 74 O.S. 2011, Section 1314.3, as
22 amended by Section 957, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
23 2014, Section 1314.3), is amended to read as follows:

24

1 Section 1314.3 (1) All otherwise eligible employees hired by
2 the Oklahoma Employment Security Commission after the effective date
3 of this act shall participate in the State Plan and shall not be
4 entitled to the supplemental health insurance for which provision is
5 made in this act nor to any other Commission benefit plan not
6 generally available to state employees, and no other provisions of
7 this act shall apply to such future hirees.

8 (2) All otherwise eligible Commission employees not
9 participating in the Agency Plan as of the effective date of this
10 act shall be enrolled in the State Plan on July 1, 1990. Said
11 nonparticipating Commission employees shall not be entitled to the
12 supplemental health insurance for which provision is made in this
13 act.

14 (3) All Commission employees, retirees and dependents
15 participating in the Agency Plan as of the effective date of this
16 act shall be permitted to transfer to the State Plan and receive the
17 supplemental insurance benefits for which provision is made in
18 Section 1314.4 of this title at such time as the supplemental
19 insurance is available. If not sooner transferred, all Agency Plan
20 participants shall be transferred to the State Plan on January 1,
21 1991. Such mandatory transfer shall occur simultaneously with any
22 cancellation by the insurance provider of the Agency Plan, occurring
23 prior to January 1, 1991.

24

1 (4) All Commission employees, retirees and dependents enrolling
2 in or transferring to the State Plan under the provisions of this
3 section shall be given the opportunity to participate in all options
4 under the State Plan at the time of their enrollment or transfer.

5 (5) For active employees of the Commission, the Commission
6 shall pay the same monthly premium toward employee-only coverage as
7 that set by the ~~Office of Management and Enterprise Services~~
8 Oklahoma Health Care Authority and paid by the other state agencies
9 participating in the state health insurance program. For retirees
10 of the Commission who retired pursuant to the provisions of the
11 Oklahoma Public Employees Retirement System, the Oklahoma Public
12 Employees Retirement System shall pay the same monthly contribution
13 towards premiums for regular or Medicare supplement health insurance
14 coverage for those retirees as the amount paid towards the premiums
15 for the Oklahoma Public Employees Retirement System retirees from
16 other agencies. For retirees of the Commission who retired under
17 the provisions of another retirement plan, the Commission shall pay
18 the same monthly contribution towards premiums for regular or
19 Medicare supplement health insurance coverage for those retirees as
20 the amount paid towards premiums by the Oklahoma Public Employees
21 Retirement System for retirees of other state agencies.

22 (6) Except as provided in this subsection, employees and
23 retirees of the Commission, and their dependents, shall be covered
24 under the dental and life insurance plans provided by the ~~Office of~~

1 ~~Management and Enterprise Services~~ Oklahoma Health Care Authority

2 pursuant to the same provisions and premiums as apply to the
3 employees and retirees of other state agencies. Employees and
4 retirees may elect to keep their present agency offered life
5 insurance, in addition to the state life insurance. Any employee
6 who elects to keep their agency offered life insurance shall pay the
7 premium for the life insurance provided pursuant to the Oklahoma
8 Employees Insurance and Benefits Act. Any Commission retiree who
9 elects to participate in the life insurance program provided
10 pursuant to the Oklahoma Employees Insurance and Benefits Act shall
11 pay the premium for such coverage.

12 (7) In the event that the agency offered life insurance plan is
13 canceled by the insurer offering it, the Commission shall contract
14 with the ~~Office~~ Authority for replacement coverage equal to that
15 lost by said cancellation. The ~~Office~~ Authority is expressly
16 authorized and directed to enter into such a contract. The
17 Commission and the participants shall pay the full actuarial costs
18 and all reasonable administrative costs for such coverage. Said
19 actuarial and administrative costs shall be divided between the
20 Commission and the participants in the same ratio as premiums are
21 now divided for the agency offered life insurance. The ~~Office~~
22 Authority shall maintain separate reserves for said coverage. On
23 January 1, 2005, the Commission shall convert the agency offered
24 life insurance to the life insurance plans provided by the ~~Office~~

1 Authority pursuant to the same provisions and premiums as apply to
2 the employees and retirees of other state agencies. The Commission
3 may offer eligible employees an opportunity to voluntarily
4 relinquish their agency life insurance upon a payment to the
5 eligible employee, provided funds exist to do so.

6 SECTION 23. AMENDATORY 74 O.S. 2011, Section 1314.5, as
7 amended by Section 958, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
8 2014, Section 1314.5), is amended to read as follows:

9 Section 1314.5 A. The Oklahoma Employment Security Commission
10 shall attempt to obtain the supplemental health insurance described
11 in Section 1314.4 of this title through competitive procurement
12 under The Central Purchasing Act. If the Commission does not obtain
13 such supplemental health insurance in this manner, it shall contract
14 with the ~~Office of Management and Enterprise Services~~ Oklahoma
15 Health Care Authority for such coverage or the Commission may
16 provide the supplemental health insurance through a self-insurance
17 program.

18 B. If the Commission decides to contract with the ~~Office~~
19 Authority for the supplemental health insurance coverage, the ~~Office~~
20 Authority is expressly authorized and directed to enter into such a
21 contract and administer the supplemental benefit in such manner to
22 cause the least disruption to its systems and daily operations. The
23 supplemental benefit does not have to be offered as a supplemental
24 plan but can be combined with the state plan to be administered and

1 actuarially rated as a single plan. If this option is chosen, all
2 dependents of employees or former employees currently eligible for
3 the supplemental health insurance shall be included in the plan,
4 regardless of whether or not the dependents were previously included
5 in the plan, and this subsection will prevail over the provisions of
6 Section 1314.3 of this title. The Commission shall pay the full
7 actuarial cost to be determined by the ~~Office~~ Authority and all
8 reasonable administrative costs for such coverage, if provided by or
9 through the ~~Office~~ Authority. The ~~Office~~ Authority may consider the
10 utilization experience of the group participating in the benefit
11 when calculating the rate for providing the benefit. The ~~Office~~
12 Authority shall maintain separate reserves for said coverage.

13 C. If the Commission decides to provide supplemental health
14 insurance through a self-insurance program, the Commission shall be
15 authorized to contract with a private company to provide claims
16 adjusting services for the supplemental health insurance claims
17 adjusting and processing.

18 SECTION 24. AMENDATORY 74 O.S. 2011, Section 1315, as
19 amended by Section 959, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
20 2014, Section 1315), is amended to read as follows:

21 Section 1315. A. Upon application in writing and subject to
22 any underwriting criteria that may be established by the ~~Office of~~
23 ~~Management and Enterprise Services~~ Oklahoma Health Care Authority,
24 the ~~Office~~ Authority may extend the benefits of the Oklahoma

1 Employees Insurance and Benefits Plans to employees who are employed
2 in positions requiring actual performance of duty during not less
3 than one thousand (1,000) hours per year and to all full-time
4 employees of:

5 1. Any of the following groups which participate in the
6 Oklahoma Public Employees Retirement System:

- 7 a. county,
- 8 b. city,
- 9 c. town,
- 10 d. public trust for which the state is the primary
11 beneficiary, or
- 12 e. conservation districts; and

13 2. Any of the following groups:

- 14 a. county hospital,
- 15 b. rural water district, including employees and board
16 members,
- 17 c. sewer district,
- 18 d. gas district,
- 19 e. solid waste management district,
- 20 f. nonprofit water corporation employees and board
21 members,
- 22 g. conservancy district or master conservancy district
23 authorized by the provisions of Section 541 of Title
24 82 of the Oklahoma Statutes,

- 1 h. voluntary organization of Oklahoma local government
- 2 jurisdictions listed in Section 2003 of Title 62 of
- 3 the Oklahoma Statutes including any council created by
- 4 the voluntary organizations,
- 5 i. voluntary association designated to administer the
- 6 County Government Council as authorized in Section 7
- 7 of Title 19 of the Oklahoma Statutes,
- 8 j. statewide nonprofit entities representing employees of
- 9 the state or employees of local political subdivisions
- 10 who are eligible for insurance benefits authorized by
- 11 the provisions of the Oklahoma Employees Insurance and
- 12 Benefits Act, or
- 13 k. statewide nonprofit entities receiving state funds to
- 14 provide no cost legal services to low income and
- 15 senior citizens.

16 B. Applications to participate in the Oklahoma Employees
17 Insurance and Benefits Plans shall be approved by majority action of
18 the governing body of the groups listed in subsection A of this
19 section.

20 C. Groups listed in subsection A of this section participating
21 in the Oklahoma Employees Insurance and Benefits Plans shall pay all
22 costs attributable to their participation. The benefits of said
23 plans for a participant provided coverage pursuant to this section
24 shall be the same and shall include the same plan options as would

1 be made available to a state employee participating in the plan that
2 resided at the same location. The premium for participating groups
3 listed in subsection A of this section shall be the same as paid by
4 state and education employees.

5 D. Participating groups listed in subsection A of this section
6 shall not be required to offer dental insurance as defined in
7 paragraph 11 of Section 1303 of this title, or other insurance as
8 defined in paragraph 12 of Section 1303 of this title. However, if
9 dental insurance or any other insurance is offered, it must be
10 provided to all eligible employees. If an employee retires and
11 begins to receive benefits from the Oklahoma Public Employees
12 Retirement System or terminates service and has a vested benefit
13 with the Oklahoma Public Employees Retirement System, the employee
14 may elect, in the manner provided in Section 1316.2 of this title,
15 to participate in the dental insurance plan offered through the
16 Oklahoma Employees Insurance and Benefits Act within thirty (30)
17 days from the date of termination of employment. The employee shall
18 pay the full cost of the dental insurance.

19 E. 1. Any employee of a group listed in subsection A of this
20 section who retires or who has a vested benefit pursuant to the
21 Oklahoma Public Employees Retirement System may begin the health
22 insurance coverage if the employer of the employee is not a
23 participant of the Oklahoma Employees Insurance and Benefits Act and
24 does not offer health insurance to its employees. Such election by

1 the employee to begin coverage shall be made within thirty (30) days
2 from the date of termination of service.

3 2. Any employee of a group listed in subsection A of this
4 section who retires or who has a vested benefit pursuant to the
5 Oklahoma Public Employees Retirement System may begin or continue
6 the health insurance coverage if the employer of the employee is a
7 participant of the Oklahoma Employees Insurance and Benefits Act and
8 the election to begin or continue coverage is made within thirty
9 (30) days from the date of termination of service.

10 F. Any county, city, town, county hospital, public trust,
11 conservation district, or rural water, sewer, gas or solid waste
12 management district, or nonprofit water corporation, any of which of
13 the aforementioned groups is not a participating employer in the
14 Oklahoma Public Employees Retirement System, but which has employees
15 who are participating in the health, dental or life insurance plans
16 offered by or through the Oklahoma Employees Insurance and Benefits
17 Act on July 1, 1997, may continue to allow its current and future
18 employees to participate in such health, dental or life insurance
19 plans. Participation of such employees may also continue following
20 termination of employment if the employee has completed at least
21 eight (8) years of service with a participating employer and such an
22 election to continue in force is made within thirty (30) days
23 following termination of employment. Any retiree or terminated
24

1 employee electing coverage pursuant to this section shall pay the
2 full cost of the insurance.

3 G. An employee of a group listed in paragraph 2 of subsection A
4 of this section may continue in force health, dental and life
5 insurance coverage following termination of employment if the
6 employee has a minimum of eight (8) years of service with a
7 participating employer and the election to continue in force is made
8 within thirty (30) calendar days following termination of
9 employment.

10 H. Notwithstanding other provisions in this section, an
11 employer listed in subsection A of this section may cease to
12 participate in the Oklahoma Employees Insurance and Benefits Act but
13 provide health insurance coverage for its current and former
14 employees through another insurance carrier. The subsequent carrier
15 shall be responsible for providing coverage to the entity's
16 employees who terminated employment with a retirement benefit, with
17 a vested benefit, or who have eight (8) or more years of service
18 with a participating employer but did not have a vested benefit
19 through the Oklahoma Public Employees Retirement System, if the
20 election to retain health insurance coverage was made within thirty
21 (30) days of termination of employment. Coverage shall also be
22 provided to the eligible dependents of the employees if an election
23 to retain coverage is made within thirty (30) days of termination of
24 employment. Employees who terminate employment from an employer

1 covered by this paragraph before December 31, 2001, and elect
2 coverage under the Oklahoma Employees Insurance and Benefits Act,
3 shall not be required to change insurance carriers in the event that
4 the employer changes its insurance carrier to a subsequent carrier.
5 The provisions of this subsection shall become effective January 1,
6 2002.

7 I. Employers pursuant to subsection A of this section who
8 participate in the Oklahoma Public Employees Retirement System and
9 who offer health insurance coverage to their active employees, shall
10 offer health insurance coverage to those employees who retire from
11 the employer and also to those employees who terminate employment
12 and are eligible to elect a vested benefit in the System. Such
13 employers shall begin offering coverage to such employees on or
14 before January 1, 2004. Such employees who wish to continue
15 coverage shall make an election to retain health insurance coverage
16 within thirty (30) days of termination of employment. However,
17 former employees of such employers who have already retired or who
18 have terminated and are eligible to elect a vested benefit under the
19 Oklahoma Public Employees Retirement System, during the period
20 beginning January 1, 2002, and ending December 31, 2003, may make an
21 election to begin participation in the plans offered by the ~~Office~~
22 Authority on or before December 31, 2003, in the same manner as
23 other participating retired or vested members. The employer,
24 assisted by the Oklahoma Public Employees Retirement System shall

1 notify by October 1, 2003, all members who have either retired from
2 the System or who are eligible to elect a vested benefit in the
3 System between January 1, 2002, through December 31, 2003, and who
4 were employed by an employer listed in subsection A of this section
5 of the member's potential eligibility to participate in such plans.
6 Each employer shall notify the Oklahoma Public Employees Retirement
7 System when an employee is retiring and makes the election pursuant
8 to this subsection to continue coverage under a plan offered by such
9 employer and when an employee terminates employment and is eligible
10 to elect a vested benefit in the System and such employee elects to
11 continue coverage under a plan offered by such employer. Such
12 employer shall also notify the Oklahoma Public Employees Retirement
13 System if a retired employee or an employee who is eligible to elect
14 a vested benefit in the System terminates such continued coverage.

15 J. Any group that begins participation in the Oklahoma
16 Employees Insurance and Benefits Plans after the effective date of
17 this act and that is not composed of state or education employees
18 must have one hundred percent (100%) participation in the health
19 plan offered pursuant to the Oklahoma Employees Insurance and
20 Benefits Act.

21 SECTION 25. AMENDATORY 74 O.S. 2011, Section 1315.1, as
22 amended by Section 960, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
23 2014, Section 1315.1), is amended to read as follows:

24

1 Section 1315.1 Upon election and application by the secretary
2 of a county election board and subject to any underwriting criteria
3 that may be established by the ~~Office of Management and Enterprise~~
4 ~~Services~~ Oklahoma Health Care Authority, the ~~Office~~ Authority shall
5 extend the benefits of the Oklahoma Employees Insurance and Benefits
6 Plans to the secretary of each county election board, if the county
7 in which the secretary serves is not participating in such plans.

8 SECTION 26. AMENDATORY 74 O.S. 2011, Section 1316.1, as
9 amended by Section 961, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
10 2014, Section 1316.1), is amended to read as follows:

11 Section 1316.1 A. Any person who retires or who has elected to
12 receive a vested benefit under the provisions of the State of
13 Oklahoma retirement systems or persons who are currently drawing
14 disability benefits under Section 1331 et seq. of this title or who
15 meet each and every requirement of the State Employees Disability
16 Program or the spouse or dependent of any such employee may continue
17 in force the life insurance benefits authorized by this act in a
18 face amount of not less than one-fourth (1/4) of the basic life
19 insurance amount, if such election to continue in force is made
20 within thirty (30) days from the time of severance. Persons
21 electing to continue in force life insurance benefits shall pay the
22 full cost of the life insurance and under such terms and conditions
23 as established by the ~~Office of Management and Enterprise Services~~
24 Oklahoma Health Care Authority. Further, any such retiree may

1 continue in force any additional life insurance that was purchased
2 prior to retirement at an actuarially adjusted rate and under such
3 terms and conditions as established by the ~~Office~~ Authority.

4 Effective January 1, 2002, nonvested employees may also continue
5 their life insurance benefits as provided in this section following
6 termination of employment, if the employee has completed at least
7 eight (8) years of service with an employer participating in the
8 Oklahoma Public Employees Retirement System or at least ten (10)
9 years of service with an employer participating in the Teachers'
10 Retirement System of Oklahoma. The election to continue the
11 employee's life insurance in force must be made within thirty (30)
12 days after the date of termination.

13 B. Any retired employee who is receiving a benefit or
14 terminates employment with a vested benefit from the Teachers'
15 Retirement System of Oklahoma and who becomes enrolled in the health
16 insurance plan offered by the Oklahoma Employees Insurance and
17 Benefits Act, pursuant to subsection E of Section 5-117.5 of Title
18 70 of the Oklahoma Statutes, may elect to purchase life insurance
19 benefits in amounts and at a cost as provided for in this section.

20 C. In lieu of subsection A of this section, any person who
21 retires or who has elected to receive a vested benefit under the
22 provisions of the State of Oklahoma retirement systems and who is
23 participating in a health insurance plan, the dental insurance plan,
24 or the life insurance plan offered by the ~~Office~~ Authority,

1 including such persons who are currently drawing disability benefits
2 under Section 1331 et seq. of this title or who meet each and every
3 requirement of the State Employees Disability Program on or before
4 July 1, 1999, or the spouse of any such person may elect to purchase
5 life insurance benefits authorized by this subsection in a face
6 amount not to exceed Fifty Thousand Dollars (\$50,000.00). Eligible
7 persons pursuant to this subsection shall make an election by
8 January 1, 2000, to purchase the life insurance coverage provided in
9 this subsection. Life insurance coverage pursuant to this
10 subsection shall depend upon providing satisfactory evidence of
11 insurability for the person who is to be covered. Life insurance
12 coverage, pursuant to this subsection, shall be purchased in blocks
13 of Five Thousand Dollars (\$5,000.00). The premium for such life
14 insurance coverage shall be at a blended rate and shall be set by
15 the ~~Office~~ Authority. The ~~Office~~ Authority shall promulgate rules
16 necessary for the implementation of the provisions of this
17 subsection.

18 SECTION 27. AMENDATORY 74 O.S. 2011, Section 1316.2, as
19 last amended by Section 3, Chapter 419, O.S.L. 2014 (74 O.S. Supp.
20 2014, Section 1316.2), is amended to read as follows:

21 Section 1316.2 A. Any employee, other than an education
22 employee, who retires pursuant to the provisions of the Oklahoma
23 Public Employees Retirement System or who has a vested benefit
24 pursuant to the provisions of the Oklahoma Public Employees

1 Retirement System may continue in force the health and dental
2 insurance benefits authorized by the provisions of the Oklahoma
3 Employees Insurance and Benefits Act, or other employer insurance
4 benefits if the employer does not participate in the plans offered
5 by the ~~Office of Management and Enterprise Services~~ Oklahoma Health
6 Care Authority, if such election to continue in force is made within
7 thirty (30) days from the date of termination of service. Except as
8 otherwise provided for in Section 840-2.27I of this title and
9 subsection H of this section, health and dental insurance coverage
10 may not be reinstated at a later time if the election to continue in
11 force is declined. Vested employees other than education employees
12 who have terminated service and are not receiving benefits and
13 effective July 1, 1996, nonvested persons who have terminated
14 service with more than eight (8) years of participating service with
15 a participating employer, who within thirty (30) days from the date
16 of termination of service elect to continue such coverage, shall pay
17 the full cost of the insurance premium at the rate and pursuant to
18 the terms and conditions established by the ~~Office~~ Authority.
19 Provided also, any employee other than an education employee who
20 commences employment with a participating employer on or after
21 September 1, 1991, who terminates service with such employer on or
22 after July 1, 1996, but who otherwise has insufficient years of
23 service to retire or terminate service with a vested benefit
24 pursuant to the provisions of the Oklahoma Public Employees

1 Retirement System or to elect to continue coverage as a nonvested
2 employee as provided in this section, but who, immediately prior to
3 employment with the participating employer, was covered as a
4 dependent on the health and dental insurance policy of a spouse who
5 was an active employee other than an education employee, may count
6 as part of his or her credited service for the purpose of
7 determining eligibility to elect to continue coverage under this
8 section, the time during which the terminating employee was covered
9 as such a dependent.

10 B. 1. Health insurance benefit plans offered pursuant to this
11 section shall include:

- 12 a. indemnity plans offered through the ~~Office~~ Authority,
- 13 b. managed care plans offered as alternatives to the
14 indemnity plans offered through the ~~Office~~ Authority,
- 15 c. Medicare supplements offered pursuant to the Oklahoma
16 Employees Insurance and Benefits Act,
- 17 d. Medicare risk-sharing contracts offered as
18 alternatives to the Medicare supplements offered
19 through the ~~Office~~ Authority. All Medicare risk-
20 sharing contracts shall be subject to a risk
21 adjustment factor, based on generally accepted
22 actuarial principles for adverse selection which may
23 occur, and

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1 e. for the Oklahoma Public Employee Retirement System,
2 other employer-provided health insurance benefit plans
3 if the employer does not participate in the plans
4 offered pursuant to the Oklahoma Employees Insurance
5 and Benefits Act.

6 2. Health insurance benefit plans offered pursuant to this
7 section shall provide prescription drug benefits, except for plans
8 designed pursuant to the Medicare Prescription Drug Improvement and
9 Modernization Act of 2003, for which provision of prescription drug
10 benefits is optional, and except for plans offered pursuant to
11 subparagraph e of paragraph 1 of this subsection.

12 C. 1. Designated public retirement systems shall contribute a
13 monthly amount towards the health insurance premium of certain
14 individuals receiving benefits from the public retirement system as
15 follows:

16 a. a retired employee, other than an education employee
17 or an employee who participates in the defined
18 contribution system administered by the Oklahoma
19 Public Employees Retirement System on or after
20 November 1, 2015, who is receiving benefits from the
21 Oklahoma Public Employees Retirement System after
22 September 30, 1988, shall have One Hundred Five
23 Dollars (\$105.00), or the premium rate of the health
24 insurance benefit plan, whichever is less, paid by the

1 Oklahoma Public Employees Retirement System to the
2 Board or other insurance carrier of the employer if
3 the employer does not participate in the plans offered
4 by the ~~Office~~ Authority in the manner specified in
5 subsection G of this section,

6 b. a retired employee or surviving spouse other than an
7 education employee who is receiving benefits from the
8 Oklahoma Law Enforcement Retirement System after
9 September 30, 1988, is under sixty-five (65) years of
10 age and is not otherwise eligible for Medicare shall
11 have the premium rate for the health insurance benefit
12 plan or One Hundred Five Dollars (\$105.00), whichever
13 is less, paid by the Oklahoma Law Enforcement
14 Retirement System to the ~~Office~~ Authority in the
15 manner specified in subsection G of this section,

16 c. a retired employee other than an education employee
17 who is receiving benefits from the Oklahoma Law
18 Enforcement Retirement System after September 30,
19 1988, is sixty-five (65) years of age or older or who
20 is under sixty-five (65) years of age and is eligible
21 for Medicare shall have One Hundred Five Dollars
22 (\$105.00), or the premium rate of the health insurance
23 benefit plan, whichever is less, paid by the Oklahoma
24 Law Enforcement Retirement System to the ~~Office~~

1 Authority in the manner specified in subsection G of
2 this section, and

3 d. a retired employee other than an education employee
4 who is receiving benefits from the Uniform Retirement
5 System for Justices and Judges after September 30,
6 1988, shall have One Hundred Five Dollars (\$105.00),
7 or the premium rate of the health insurance plan,
8 whichever is less, paid by the Uniform Retirement
9 System for Justices and Judges to the ~~Office~~ Authority
10 in the manner specified in subsection G of this
11 section.

12 2. Premium payments made pursuant to this section shall be made
13 subject to the following conditions:

14 a. the health plan shall be authorized by the provisions
15 of the Oklahoma Employees Insurance and Benefits Act,
16 except that if an employer from which an employee
17 retired or with a vested benefit pursuant to the
18 provisions of the Oklahoma Public Employees Retirement
19 System does not participate in the plans authorized by
20 the provisions of the Oklahoma Employees Insurance and
21 Benefits Act, the health plan will be the health
22 insurance benefits of the employer from which the
23 individual retired or vested,

1 b. for plans offered by the Oklahoma Employees Insurance
2 and Benefits Act, the amount to be paid shall be
3 determined pursuant to the provisions of this
4 subsection and shall first be applied in whole or in
5 part to the prescription drug coverage premium. Any
6 remaining amount shall be applied toward the medical
7 coverage premium,

8 c. for all plans, if the amount paid by the public
9 retirement system does not cover the full cost of the
10 elected coverage, the individual shall pay the
11 remaining premium amount, and

12 d. payment shall be made by the retirement systems in the
13 manner specified under subsection G of this section.

14 D. For any member of the Oklahoma Law Enforcement Retirement
15 System killed in the line of duty, whether the member was killed in
16 the line of duty prior to May 18, 2005, or on or after May 18, 2005,
17 or if the member was on a disability leave status at the time of
18 death, the surviving spouse or dependents of such deceased member of
19 the Oklahoma Law Enforcement Retirement System may elect to continue
20 or commence health and dental insurance benefits, provided the
21 dependents pay the full cost of such insurance, and for deaths
22 occurring on or after July 1, 2002, such election is made within
23 thirty (30) days of the date of death. The eligibility for the
24

1 benefits shall terminate for the surviving children when the
2 children cease to qualify as dependents.

3 E. Effective July 1, 2004, a retired member of the Oklahoma Law
4 Enforcement Retirement System who retired from the System by means
5 of a personal and traumatic injury of a catastrophic nature and in
6 the line of duty and any surviving spouse of such retired member and
7 any surviving spouse of a member who was killed in the line of duty
8 shall have one hundred percent (100%) of the retired member's or
9 surviving spouse's health care premium cost, whether the member or
10 surviving spouse elects coverage under the Medicare supplement or
11 Medicare risk-sharing contract, paid by the Oklahoma Law Enforcement
12 Retirement System to the ~~Office~~ Authority in the manner specified in
13 subsection H of this section. For plans offered by the ~~Office~~
14 Authority, such contributions will first be applied in whole or in
15 part to the prescription drug coverage premium, if any.

16 F. Dependents of a deceased employee who was on active work
17 status or on a disability leave at the time of death or of a
18 participating retardant or of any person who has elected to receive
19 a vested benefit under the Oklahoma Public Employees Retirement
20 System, the Uniform Retirement System for Justices and Judges or the
21 Oklahoma Law Enforcement Retirement System may continue the health
22 and dental insurance benefits in force, provided the dependents pay
23 the full cost of such insurance and they were covered as eligible
24 dependents at the time of such death and such election is made

1 within thirty (30) days of date of death. The eligibility for the
2 benefits shall terminate for the surviving children when the
3 children cease to qualify as dependents.

4 G. The amounts required to be paid by the Oklahoma Public
5 Employees Retirement System, the Uniform Retirement System for
6 Justices and Judges and the Oklahoma Law Enforcement Retirement
7 System pursuant to this section shall be forwarded no later than the
8 tenth day of each month following the month for which payment is due
9 by the Oklahoma Public Employees Retirement System Board of Trustees
10 or the Oklahoma Law Enforcement Retirement Board to the ~~Office~~
11 Authority for deposit in the Health, Dental and Life Insurance
12 Reserve Fund or to another insurance carrier as provided for in
13 subsection H of Section 1315 of this title.

14 H. Upon retirement from employment of the Board of Regents of
15 the University of Oklahoma, any person who was or is employed at the
16 George Nigh Rehabilitation Institute and who transferred employment
17 pursuant to Section 3427 of Title 70 of the Oklahoma Statutes, any
18 person who was employed at the Medical Technology and Research
19 Authority and who transferred employment pursuant to Section 7068 of
20 this title, and any person who is a member of the Oklahoma Law
21 Enforcement Retirement System pursuant to the authority of Section
22 2-314 of Title 47 of the Oklahoma Statutes may participate in the
23 benefits authorized by the provisions of the Oklahoma Employees
24 Insurance and Benefits Act for retired participants, including

1 health, dental and life insurance benefits, if such election to
2 participate is made within thirty (30) days from the date of
3 termination of service. Life insurance benefits for any such person
4 who transferred employment shall not exceed the coverage the person
5 had at the time of such transfer. Retirees who transferred
6 employment and who participate pursuant to this paragraph shall pay
7 the premium for elected benefits less any amounts paid by a state
8 retirement system pursuant to this section.

9 SECTION 28. AMENDATORY 74 O.S. 2011, Section 1316.3, as
10 amended by Section 963, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
11 2014, Section 1316.3), is amended to read as follows:

12 Section 1316.3 A. Any person who retires pursuant to the
13 provisions of the Teachers' Retirement System of Oklahoma with at
14 least ten (10) years of creditable service or who has a vested
15 benefit with at least ten (10) years of creditable service, pursuant
16 to the provisions of the Teachers' Retirement System of Oklahoma may
17 continue in force the health and dental insurance benefits
18 authorized by the provisions of the Oklahoma Employees Insurance and
19 Benefits Act if such election to continue in force or begin is made
20 within thirty (30) days from the date of termination of service.
21 Except as provided in subsection E of Sections 5-117.5 and 14-108.1
22 of Title 70 of the Oklahoma Statutes and Section 840-2.27I of this
23 title and subsection K of this section, health and dental insurance
24 coverage may not be reinstated at a later time if the election to

1 continue in force or begin coverage is declined. Vested persons who
2 have terminated service and are not receiving benefits and effective
3 July 1, 1996, nonvested persons who have terminated service with
4 more than ten (10) years of participating service with a qualifying
5 employer, who within thirty (30) days from the date of termination
6 of service, elect to continue such coverage, shall pay the full cost
7 of said insurance premium at the rate and pursuant to the terms and
8 conditions established by the ~~Office of Management and Enterprise~~
9 ~~Services~~ Oklahoma Health Care Authority.

10 B. 1. Health insurance benefit plans offered pursuant to this
11 section shall include:

- 12 a. indemnity plans offered through the ~~Office~~ Authority,
- 13 b. managed care plans offered as alternatives to the
14 indemnity plans,
- 15 c. Medicare supplements offered through the ~~Office~~
16 Authority,
- 17 d. Medicare risk-sharing contracts offered as
18 alternatives to the Medicare supplements offered
19 through the ~~Office~~ Authority, and
- 20 e. any other employer-provided health insurance benefit
21 plans if the employer does not participate in the
22 plans offered pursuant to the Oklahoma Employees
23 Insurance and Benefits Act.

24

1 2. Health insurance benefit plans offered pursuant to this
2 section shall provide prescription drug benefits, except for plans
3 designed pursuant to the Medicare Prescription Drug Improvement and
4 Modernization Act of 2003, which may or may not contain prescription
5 drug benefits, for which provision of prescription drug benefits is
6 optional, and except for plans offered pursuant to subparagraph e of
7 paragraph 1 of this subsection.

8 C. A retired person who:

9 1. Is receiving benefits from the Teachers' Retirement System
10 of Oklahoma after September 30, 1988, is under sixty-five (65) years
11 of age and is not otherwise eligible for Medicare and pursuant to
12 subsection A of this section elects to begin or to continue the
13 health insurance plan;

14 2. Is receiving benefits from the Teachers' Retirement System
15 of Oklahoma after June 30, 1993, is under sixty-five (65) years of
16 age and is not otherwise eligible for Medicare and participates in a
17 health insurance plan provided by a participating education employer
18 of the Teachers' Retirement System of Oklahoma other than a health
19 insurance plan offered pursuant to the Oklahoma Employees Insurance
20 and Benefits Act or an alternative health plan offered pursuant to
21 the Oklahoma State Employees Benefits Act;

22 3. Is receiving benefits from the Teachers' Retirement System
23 of Oklahoma after September 30, 1988, made contributions to the
24 system and is sixty-five (65) years of age or older, or who is under

1 sixty-five (65) years of age and is eligible for Medicare and is a
2 participant in the Oklahoma Employees Insurance and Benefits Act and
3 elects coverage under the Medicare supplement offered by the ~~Office~~
4 Authority; or

5 4. Is receiving benefits from the Teachers' Retirement System
6 of Oklahoma after June 30, 1993, made contributions to the system
7 and is sixty-five (65) years of age or older, or who is under sixty-
8 five (65) years of age and is eligible for Medicare and participates
9 in a health insurance plan provided by a participating education
10 employer of the Teachers' Retirement System of Oklahoma other than a
11 health insurance plan offered pursuant to the Oklahoma Employees
12 Insurance and Benefits Act or an alternative health plan offered
13 pursuant to the Oklahoma State Employees Benefits Act and elects
14 coverage under the Medicare supplement offered by the ~~Office~~
15 Authority,

16 shall have the amount determined pursuant to subsection E of this
17 section, or the premium rate of the health insurance benefit plan,
18 whichever is less, paid by the Teachers' Retirement System of
19 Oklahoma. If the amount paid by the Teachers' Retirement System of
20 Oklahoma does not cover the full cost of the health insurance
21 premium, the retired person shall pay the remaining amount if the
22 retired person wants to continue the coverage.

23
24

1 D. The Teachers' Retirement System shall pay the amount due
 2 pursuant to the provisions of subsection C of this section as
 3 follows:

4 1. For those individuals participating in plans provided
 5 through the Oklahoma Employees Insurance and Benefits Act, payment
 6 shall be made to the ~~Office~~ Authority pursuant to the provisions of
 7 subsection I of this section; or

8 2. For those individuals participating in plans provided
 9 through a participating education employer of the Teachers'
 10 Retirement System of Oklahoma other than a health insurance plan
 11 offered pursuant to the Oklahoma Employees Insurance and Benefits
 12 Act, payment shall be made to the education employer.

13 E. Beginning July 1, 2000, the maximum benefit payable by the
 14 Teachers' Retirement System of Oklahoma on behalf of a retired
 15 person toward said person's monthly premium for health insurance
 16 shall be determined in accordance with the following schedule:

	LESS THAN	25 YEARS BUT	GREATER
	LESS THAN	GREATER THAN	THAN 24.99
AVERAGE SALARY	15 YEARS OF	14.99 YEARS OF	YEARS OF
USED FOR DETERMINING	CREDITABLE	CREDITABLE	CREDITABLE
RETIREMENT ALLOWANCE	SERVICE	SERVICE	SERVICE
Less than \$20,000.00	\$103.00	\$104.00	\$105.00

1	Less than \$30,000.00 but			
2	greater than \$19,999.99	\$102.00	\$103.00	\$104.00
3	Less than \$40,000.00 but			
4	greater than \$29,999.99	\$101.00	\$102.00	\$103.00
5	\$40,000.00 or greater	\$100.00	\$101.00	\$102.00

6 For plans offered by the ~~Office~~ Authority, the amount paid
7 pursuant to this subsection shall first be applied to the
8 prescription drug coverage premium, if any. Any remaining amounts
9 shall be applied towards the medical coverage premium.

10 F. If a person retires and begins to receive benefits from the
11 Teachers' Retirement System of Oklahoma or terminates service and
12 has a vested benefit with the Teachers' Retirement System of
13 Oklahoma, the person may elect, in the manner provided in subsection
14 A of this section, to participate in the dental insurance plan
15 offered through the Oklahoma Employees Insurance and Benefits Act.
16 The person shall pay the full cost of the dental insurance.

17 G. Those persons who are receiving benefits from the Teachers'
18 Retirement System of Oklahoma and have health insurance coverage
19 which on the operative date of this section is being paid by the
20 education entity from which the person retired shall make the
21 election required in subsection A of this section within thirty (30)
22 days of the termination of said health insurance coverage. The
23 person making the election shall give the ~~Office~~ Authority certified
24

1 documentation satisfactory to the ~~Office~~ Authority of the
2 termination date of the other health insurance coverage.

3 H. Dependents of a deceased education employee who was on
4 active work status or on a disability leave at the time of death or
5 of a participating retirant or of any person who has elected to
6 receive a vested benefit under the Teachers' Retirement System of
7 Oklahoma may continue the health and dental insurance benefits in
8 force provided said dependents pay the full cost of such insurance
9 and they were covered as eligible dependents at the time of such
10 death and such election is made within thirty (30) days of date of
11 death. The eligibility for said benefits shall terminate for the
12 surviving children when said children cease to qualify as
13 dependents.

14 I. The amounts required to be paid by the Teachers' Retirement
15 System of Oklahoma pursuant to this section shall be forwarded no
16 later than the tenth day of each month following the month for which
17 payment is due by the Board of Trustees of the Teachers' Retirement
18 System of Oklahoma to the ~~Office~~ Authority for deposit in the
19 Education Employees Group Insurance Reserve Fund.

20 J. The Teachers' Retirement System of Oklahoma shall provide
21 the ~~Office~~ Authority information concerning the employers of retired
22 and vested members necessary to allow the ~~Office~~ Authority to track
23 eligibility for continued coverage.

1 K. Upon retirement from employment with the Board of Regents of
2 the University of Oklahoma, any person who is or was employed at the
3 George Nigh Rehabilitation Institute and who transferred employment
4 pursuant to Section 3427 of Title 70 of the Oklahoma Statutes, any
5 person who was employed at the Medical Technology and Research
6 Authority and who transferred employment pursuant to Section 7068 of
7 this title, and any person who is a member of the Oklahoma Law
8 Enforcement Retirement System pursuant to the authority of Section
9 2-314 of Title 47 of the Oklahoma Statutes may participate in the
10 benefits authorized by the provisions of the Oklahoma Employees
11 Insurance and Benefits Act for retired participants, including
12 health, dental and life insurance benefits, if such election to
13 participate is made within thirty (30) days from the date of
14 termination of employment. Life insurance benefits for any such
15 person who transferred employment shall not exceed the coverage the
16 person had at the time of such transfer. Retirees who are persons
17 transferred employment and who participate pursuant to this
18 paragraph shall pay the premium for elected benefits less any
19 amounts paid by the retirement system pursuant to this section.

20 SECTION 29. AMENDATORY 74 O.S. 2011, Section 1317, as
21 amended by Section 964, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
22 2014, Section 1317), is amended to read as follows:

23 Section 1317. Any legally blind person who is licensed by the
24 Department of Rehabilitation Services as a vending stand operator or

1 managing operator shall be eligible for membership in the Health
2 Insurance Plan, Dental Insurance Plan and Life Insurance Plan
3 referred to in the Oklahoma Employees Insurance and Benefits Act.
4 Enrollment in the Plan shall be optional with each operator pursuant
5 to the rules prescribed by the ~~Office of Management and Enterprise~~
6 ~~Services~~ Oklahoma Health Care Authority. Any payments required to
7 be made for enrollees in the Plan shall be payable by the operator
8 in such manner as may be determined by the Department of
9 Rehabilitation Services; provided, that the Department may, in its
10 discretion, make all or a part of such payments.

11 SECTION 30. AMENDATORY 74 O.S. 2011, Section 1318, as
12 amended by Section 965, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
13 2014, Section 1318), is amended to read as follows:

14 Section 1318. No former employee who is reemployed by a
15 participating entity within twenty-four (24) months after the date
16 of termination of previous employment shall be enrolled in the
17 Oklahoma Employees Insurance and Benefits Plan authorized by
18 Sections 1301 through 1329.1 of this title, for a greater amount of
19 life insurance or life benefit than the amount for which the life of
20 the former employee was insured under the plan at the date of
21 termination of employment, except upon the former employee
22 furnishing evidence of insurability, satisfactory to the ~~Office of~~
23 ~~Management and Enterprise Services~~ Oklahoma Health Care Authority,

24

1 and any greater amount of benefit or insurance provided the employee
2 shall be at the former employee's cost.

3 SECTION 31. AMENDATORY 74 O.S. 2011, Section 1320, as
4 amended by Section 15, Chapter 303, O.S.L. 2012 (74 O.S. Supp. 2014,
5 Section 1320), is amended to read as follows:

6 Section 1320. A. For purposes of administering the Oklahoma
7 Employees Insurance and Benefits Act, the ~~Director~~ Administrator of
8 the ~~Office of Management and Enterprise Services~~ Oklahoma Health
9 Care Authority is authorized to hire and appoint an Administrator
10 who shall be in the unclassified service and shall serve at the
11 pleasure of the ~~Director~~ Administrator of the ~~Office of Management~~
12 ~~and Enterprise Services~~ Oklahoma Health Care Authority.

13 B. The ~~Director~~ Administrator of the ~~Office of Management and~~
14 ~~Enterprise Services~~ Oklahoma Health Care Authority may hire a
15 director of internal audit and one attorney licensed to practice law
16 in this state. The attorney hired by the Board shall have not less
17 than five (5) years of experience in matters related to the
18 insurance industry. The ~~Director~~ Administrator of the Oklahoma
19 Health Care Authority shall directly supervise the duties of the
20 director of internal audit, and shall not delegate the supervision
21 to the Administrator or any other employee. In addition to duties
22 assigned by the ~~Director~~ Administrator of the Oklahoma Health Care
23 Authority, the director of internal audit is authorized to audit all
24 records of health providers and pharmacists who enter into any

1 contract with the Board in order to ensure compliance with said
2 contract provisions.

3 The ~~Director~~ Administrator of the Oklahoma Health Care Authority
4 shall employ such persons as are necessary to administer the
5 provisions of the Oklahoma Employees Insurance and Benefits Act, the
6 State Employees Flexible Benefits Act and the State Employees
7 Disability Program Act. The ~~Director~~ Administrator of the Oklahoma
8 Health Care Authority may employ a maximum of two attorneys for
9 purposes of administering the Oklahoma Employees Insurance and
10 Benefits Act. The Administrator or one of the deputy administrators
11 shall have not less than seven (7) years of group health insurance
12 administration experience on a senior managerial level.

13 C. The ~~Director~~ Administrator of the Oklahoma Health Care
14 Authority shall not contract for private legal counsel except for
15 extraordinary situations other than normal day to day situations,
16 and when approved by the Attorney General. The ~~Director~~
17 Administrator of the Oklahoma Health Care Authority may contract
18 with a nonemployee consulting actuary, a nonemployee medical
19 consultant and a nonemployee dental consultant subject to
20 competitive bid at least every three (3) years. The ~~Director~~
21 Administrator of the Oklahoma Health Care Authority may contract
22 with health care providers for a level of reimbursement for the
23 payment of claims incurred by the plan participants. The ~~Director~~
24 Administrator of the Oklahoma Health Care Authority may at ~~its~~ his

1 or her request use the services of the office of the Attorney
2 General and the actuarial services of any actuary employed by the
3 Insurance Commissioner and may also seek the advice and counsel of
4 the Insurance Commissioner of the State of Oklahoma or any employee
5 of the Office of the Insurance Commissioner.

6 SECTION 32. 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~~ Oklahoma Health Care Authority shall have the authority to
11 determine all rates and life, dental and health benefits. All rates
12 shall be compiled in a comprehensive Schedule of Benefits. The
13 Schedule of Benefits shall be available for inspection during
14 regular business hours at the ~~Office of Management and Enterprise~~
15 ~~Services~~ Oklahoma Health Care Authority. ~~The Office~~ Authority shall
16 have the authority to annually adjust the rates and benefits based
17 on claim experience.

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

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

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

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

14 SECTION 33. AMENDATORY 74 O.S. 2011, Section 1323, as
15 amended by Section 967, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
16 2014, Section 1323), is amended to read as follows:

17 Section 1323. Any person who shall knowingly make any false
18 statement, or who shall falsify or permit to be falsified any record
19 necessary for carrying out the intent of the Oklahoma Employees
20 Insurance and Benefits Act, Sections 1301 through 1329.1 of this
21 title, for the purpose of committing fraud, shall be guilty of a
22 misdemeanor, and upon conviction shall be punished by a fine not
23 exceeding Five Thousand Dollars (\$5,000.00) or by imprisonment for
24 not exceeding one (1) year or by both the fine and imprisonment.

1 ~~The Office of Management and Enterprise Services~~ Oklahoma Health
2 Care Authority shall have the right to audit participating employer
3 groups to verify eligibility for any member and/or dependent and may
4 require proof of eligibility upon demand.

5 SECTION 34. AMENDATORY 74 O.S. 2011, Section 1324, as
6 amended by Section 968, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
7 2014, Section 1324), is amended to read as follows:

8 Section 1324. A. All health benefit plans that are offered by
9 the ~~Office of Management and Enterprise Services~~ Oklahoma Health
10 Care Authority shall provide coverage for side effects that are
11 commonly associated with radical retropubic prostatectomy surgery,
12 including, but not limited to impotence and incontinence, and for
13 other prostate-related conditions.

14 B. The ~~Office~~ Authority shall provide notice to each insured or
15 enrollee under the plan regarding the coverage required by this
16 section in the plan's evidence of coverage, and shall provide
17 additional written notice of the coverage to the insured or enrollee
18 as follows:

- 19 1. In the next mailing made by the plan to the employee; or
- 20 2. As part of the enrollment information packet sent to the
21 enrollee.

22 C. The ~~Office~~ Authority shall promulgate any rules or actions
23 necessary to implement the provisions of this section.

24

1 SECTION 35. AMENDATORY 74 O.S. 2011, Section 1325, as
2 amended by Section 969, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
3 2014, Section 1325), is amended to read as follows:

4 Section 1325. ~~The Office of Management and Enterprise Services~~
5 Oklahoma Health Care Authority shall schedule a hearing thirty (30)
6 days prior to adopting any major change in the reimbursement rates
7 or methodology. ~~The Office~~ Authority shall notify health care
8 providers who provide services pursuant to a contract with the
9 ~~Office~~ Authority at least fifteen (15) days prior to the hearing.
10 The notice shall include proposed changes to the reimbursement rates
11 or methodology. ~~The Office~~ Authority shall also inform such health
12 care providers at the hearing of any proposed changes to the
13 reimbursement rates or methodology. At the hearing the ~~Office~~
14 Authority shall provide an open forum for such health care providers
15 to comment on the proposed changes.

16 SECTION 36. AMENDATORY 74 O.S. 2011, Section 1326, as
17 amended by Section 970, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
18 2014, Section 1326), is amended to read as follows:

19 Section 1326. ~~The Office of Management and Enterprise Services~~
20 Oklahoma Health Care Authority shall make available, upon request,
21 copies of relevant fee schedules to participating health care
22 providers.

23
24

1 SECTION 37. AMENDATORY 74 O.S. 2011, Section 1327, as
2 amended by Section 971, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
3 2014, Section 1327), is amended to read as follows:

4 Section 1327. A. All health benefit plans offered by the
5 ~~Office of Management and Enterprise Services~~ Oklahoma Health Care
6 Authority which provide for services for vision care or medical
7 diagnosis and treatment for the eye shall allow optometrists to be
8 providers of those services. All such health benefit plans shall
9 also require equal payment for the same services provided by an
10 optometrist if the services are within the scope of practice of
11 optometry.

12 B. With respect to optometric services, any health benefit plan
13 offered by the ~~Office~~ Authority which uses a gatekeeper or
14 equivalent for referrals for services for vision care or for medical
15 diagnosis and treatment of the eye shall require such covered
16 services be provided on a referral basis within the medical group or
17 network at the request of an enrollee who has a condition requiring
18 vision care or medical diagnosis and treatment of the eye if:

19 1. A referral is necessitated in the judgment of the primary
20 care physician; and

21 2. Treatment for the condition falls within the licensed scope
22 of practice of an optometrist.

23 C. All health benefit plans offered by the ~~Office~~ Authority
24 shall have a defined set of standards and procedures for selecting

1 providers, including specialists, to serve enrollees. The standards
2 and procedures shall be drafted in such a manner that they are
3 applicable to all categories of providers and shall be utilized by
4 the health maintenance organization in a manner that is without bias
5 for or discrimination against a particular category or categories of
6 providers.

7 D. No health benefit plan specified by this section shall
8 require a provider to have hospital privileges if hospital
9 privileges are not usual and customary for the services the provider
10 provides.

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

12 1. Prohibit a health benefit plan offered by the ~~Office~~
13 Authority which provides for services for vision care or medical
14 diagnosis and treatment for the eye from determining the adequacy of
15 the size of its network;

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

17 3. Limit, expand, or otherwise affect the scope of practice of
18 optometry; or

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

22 F. Existing health benefit plans offered by the ~~Office~~
23 Authority shall comply with the requirements of this section upon
24 issuance or renewal on or after the effective date of this act.

1 SECTION 38. AMENDATORY 74 O.S. 2011, Section 1328, as
2 amended by Section 972, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
3 2014, Section 1328), is amended to read as follows:

4 Section 1328. A. The contracted claims administrator for the
5 ~~Office of Management and Enterprise Services~~ Oklahoma Health Care
6 Authority shall reimburse all clean claims of an enrollee, an
7 assignee of the enrollee, or a health care provider within forty-
8 five (45) calendar days after receipt of the claim by the entity.

9 B. As used in this section, "clean claim" means a claim that
10 has no defect or impropriety, including a lack of any required
11 substantiating documentation, or particular circumstance requiring
12 special treatment that impedes prompt payment.

13 C. 1. If a claim or any portion of a claim is determined to
14 have defects or improprieties, including a lack of any required
15 substantiating documentation, or a particular circumstance requiring
16 special treatment, the enrollee, assignee of the enrollee, or health
17 care provider shall be notified in writing within thirty (30)
18 calendar days after receipt of the claim by the contracted claims
19 administrator for the ~~Office~~ Authority. The written notice shall
20 specify the portion of the claim that is causing a delay in
21 processing and explain any additional information or corrections
22 needed. Failure of the ~~Office's~~ Authority's claims administrator to
23 provide the enrollee, assignee of the enrollee, or health care
24 provider with such notice shall constitute prima facie evidence that

1 the claim will be paid in accordance with the terms of the health
2 benefit claims administration contract.

3 2. The portion of the claim that is accurate shall be paid
4 within forty-five (45) calendar days after receipt of the claim by
5 the claims administrator for the ~~Office~~ Authority.

6 D. Upon receipt of the additional information or corrections
7 which led to the claim's being delayed and a determination that the
8 information is accurate, the claims administrator for the ~~Office~~
9 Authority shall either pay or deny the claim or a portion of the
10 claim within forty-five (45) calendar days.

11 E. Payment shall be considered made on:

12 1. The date a draft or other valid instrument which is
13 equivalent to the amount of the payment is placed in the United
14 States mail in a properly addressed, postpaid envelope; or

15 2. If not so posted, the date of delivery.

16 F. An overdue payment shall bear simple interest at the rate of
17 ten percent (10%) per year.

18 G. In the event litigation should ensue based upon such a
19 claim, the prevailing party shall be entitled to recover a
20 reasonable attorney fee to be set by the court and taxed as costs
21 against the party or parties who do not prevail.

22 SECTION 39. AMENDATORY 74 O.S. 2011, Section 1329, as
23 amended by Section 973, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
24 2014, Section 1329), is amended to read as follows:

1 Section 1329. ~~The Office of Management and Enterprise Services~~
2 Oklahoma Health Care Authority shall contract with a vendor to make
3 available a health savings account to all enrollees in the
4 HealthChoice qualified high-deductible health plan. Any employer or
5 employee contributions to the health savings account shall be
6 allowable as a remittance to the vendor through payroll deduction in
7 conjunction with the employer's Section 125 Plan and shall not be
8 subject to any assessment of administrative fees by the ~~Office of~~
9 ~~Management and Enterprise Services~~ Oklahoma Health Care Authority or
10 any state agency for remittance to the vendor. The State of
11 Oklahoma and the ~~Office of Management and Enterprise Services~~
12 Oklahoma Health Care Authority shall take necessary measures to make
13 any employer or employee health savings account contributions
14 permissible under the state's Section 125 Plan.

15 SECTION 40. AMENDATORY 74 O.S. 2011, Section 1329.1, as
16 amended by Section 974, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
17 2014, Section 1329.1), is amended to read as follows:

18 Section 1329.1 ~~The Office of Management and Enterprise Services~~
19 Oklahoma Health Care Authority shall contract for 2012 with a vendor
20 that offers a Health Insurance Portability and Accountability Act
21 (HIPAA) compliant web-based, doctor-patient mutual accountability
22 incentive program. The purpose of the contract is to conduct a
23 pilot project to test the value proposition of a program that offers
24 financial incentives to both the health care provider and the

1 patient for each care encounter in which the provider and patient
2 incorporate evidence-based medicine treatment guidelines, patient
3 health education remedies and other proven medical interventions
4 made available and recorded through the program in the rendering and
5 utilization of health care. The ~~Office~~ Authority shall use
6 operating funds to underwrite the cost of this pilot project and
7 shall not pass these costs along to the participating state
8 agencies, or school boards or providers. The ~~Office~~ Authority may
9 retain or share with participating state agencies or school boards
10 any savings realized as a result of the pilot program. The program
11 will demonstrate a self-sustaining financial model that, through the
12 savings incurred by better utilization health care programs, will
13 offset the costs of this program with savings. This program will
14 offer the health care provider the flexibility to use the health
15 care provider's clinical judgment to adhere to or deviate from the
16 program's treatment guidelines and still receive a financial
17 incentive, as long as the health care provider communicates care
18 guidelines and patient health education remedies to the patient that
19 include an explanation of the provider's adherence or reason for
20 nonadherence to the guideline. The vendor managing the pilot
21 program shall offer a financial reward to the patient for responding
22 to the vendor's guidelines for care and patient education remedies
23 by demonstrating the patient's understanding of the patient's health
24 condition, by declaring or demonstrating adherence to recommended

1 care, by agreeing to allow the patient's physician to view patient's
2 responses and acknowledge the patient's health accomplishments, and
3 by judging the quality of care given to the patient against these
4 guidelines and recommended care. Any communications to patient and
5 provider shall be in compliance with all HIPAA regulations and
6 standards. Participation in the program shall be voluntary to both
7 the provider and patient on an encounter-by-encounter basis. The
8 program shall be offered and administered by the program vendor
9 through an Internet application that is HIPAA-compliant. This pilot
10 project shall include a minimum of fifteen thousand beneficiaries of
11 the ~~Office~~ Authority to achieve a statistical significance and
12 collect and analyze data over a period of three (3) years in order
13 to determine the program's effectiveness and ability to become self-
14 funded.

15 SECTION 41. AMENDATORY 74 O.S. 2011, Section 1343, as
16 amended by Section 975, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
17 2014, Section 1343), is amended to read as follows:

18 Section 1343. The Board shall retain qualified agencies,
19 persons or entities to design, develop, communicate, implement or
20 administer the state employees flexible benefits plan. The Board
21 shall solicit proposals on a competitive bid basis for such
22 agencies, persons or entities according to the standards set out in
23 the Oklahoma Central Purchasing Act, Section 85.1 et seq. of this
24 title. When requested by the Board, the ~~Office of Management and~~

1 ~~Enterprise Services~~ Oklahoma Health Care Authority shall assist the
2 Board in the process of selecting contracts for the design,
3 development, communication or implementation of the state employees
4 flexible benefits plan.

5 When awarding a contract for services pursuant to this
6 subsection, the Board shall satisfy itself that the contractor has
7 no interests which would impair its ability to perform the tasks and
8 services required and that the contractor will exercise independent
9 judgment when performing its responsibilities under the act and
10 under the agreement.

11 SECTION 42. AMENDATORY 74 O.S. 2011, Section 1366, as
12 amended by Section 976, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
13 2014, Section 1366), is amended to read as follows:

14 Section 1366. A. ~~The Office of Management and Enterprise~~
15 ~~Services~~ Oklahoma Health Care Authority shall establish a flexible
16 benefits plan in accordance with the provisions of Section 1361 et
17 seq. of this title. All participating employers shall offer the
18 plan to their eligible employees.

19 B. ~~The Office~~ Authority shall interpret the plan and decide any
20 matters arising thereunder and may adopt such rules and procedures
21 as it deems necessary, desirable or appropriate in the
22 administration of the plan subject to the Administrative Procedures
23 Act. All rules and decisions of the ~~Office~~ Authority shall be
24 uniformly and consistently applied to all participants in similar

1 circumstances and shall be conclusive and binding on all persons
2 having an interest in the plan. When making any decision or
3 determination, the ~~Office~~ Authority shall be entitled to rely upon
4 such information as may be furnished to it by a participant, a
5 participating employer, legal counsel, third party administrator or
6 the management of any individual benefit plan which is incorporated
7 in the plan.

8 C. The ~~Office~~ Authority may contract with one or more firms or
9 organizations to administer or provide consulting services in regard
10 to all or any portion of the plan.

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

18 When awarding a contract for services pursuant to this
19 subsection, the ~~Office~~ Authority shall satisfy itself that the
20 contractor has no interests which would impair its ability to
21 perform the tasks and services required and that the contractor will
22 exercise proper independent judgment when performing its
23 responsibilities under Section 1361 et seq. of this title and under
24 the contract.

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

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

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

13 3. Dependent care;

14 4. Medical care, as defined by the ~~Office~~ Authority; and

15 5. All other eligible benefit programs offered under 26 United
16 States Code Section 125.

17 E. The amount by which an employee's salary is adjusted
18 pursuant to a salary adjustment agreement shall be excluded from
19 income in computation of income tax withholding, federal insurance
20 contributions act taxes, unemployment payments and workers'
21 compensation coverage. Such amount shall be included as income in
22 computation of state retirement contributions and benefits.
23 Provided, if the inclusions and exclusions provided in this
24 subsection conflict with the provisions of federal law or

1 regulations pertaining to flexible benefits plans, the Council is
2 authorized to modify or abolish such inclusions and exclusions.

3 F. 1. Legal representation shall be provided by the Office of
4 the Attorney General.

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

11 SECTION 43. AMENDATORY 74 O.S. 2011, Section 1372, as
12 amended by Section 980, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
13 2014, Section 1372), is amended to read as follows:

14 Section 1372. ~~The Office of Management and Enterprise Services~~
15 Oklahoma Health Care Authority shall be responsible for making all
16 determinations as to the rights of any participant or any
17 beneficiary of a participant to receive amounts under the flexible
18 spending account benefits plan. ~~The Office~~ Authority shall
19 prescribe forms and procedures for making claims for flexible
20 spending account benefits under the plan. Each person making a
21 claim for benefits under the flexible spending account benefits plan
22 shall also furnish the ~~Office~~ Authority with such documents,
23 evidence, data or information in support of such claim as the
24 Oklahoma Employees Insurance and Benefits Board considers necessary

1 or desirable. If any claim for the flexible spending account
2 benefits plan is wholly or partially denied, the claimant shall be
3 given notice in writing of such denial within a reasonable period of
4 time, but no later than forty-five (45) days after the claim is
5 filed.

6 A claimant whose claim is denied shall have the right to a
7 hearing before the ~~Director~~ Administrator of the ~~Office of~~
8 ~~Management and Enterprise Services~~ Oklahoma Health Care Authority or
9 hearing officer designated by the ~~Director~~ Administrator. Written
10 notification by a claimant for a hearing must be received by the
11 executive director within ten (10) business days of notification of
12 claim denial. The hearing shall be conducted within thirty (30)
13 days in accordance with the provisions of the Administrative
14 Procedures Act. The ~~Office~~ Authority shall promulgate
15 administrative rules establishing policies and procedures specific
16 to the notice of denial, request for explanation, and hearing for
17 flexible spending account benefit claims denial.

18 SECTION 44. AMENDATORY 74 O.S. 2011, Section 1373, as
19 amended by Section 981, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
20 2014, Section 1373), is amended to read as follows:

21 Section 1373. A. All health benefit plans that are offered by
22 the Oklahoma Employees Insurance and Benefits Board shall provide
23 coverage for side effects that are commonly associated with radical
24 retropubic prostatectomy surgery, including, but not limited to

1 impotence and incontinence, and for other prostate related
2 conditions.

3 B. The ~~Office of Management and Enterprise Services~~ Oklahoma
4 Health Care Authority shall provide notice to each insured or
5 enrollee under such plan regarding the coverage required by this
6 section in the plan's evidence of coverage, and shall provide
7 additional written notice of the coverage to the insured or enrollee
8 as follows:

- 9 1. In the next mailing made by the plan to the employee; or
- 10 2. As part of the enrollment information packet sent to the
11 enrollee.

12 C. The ~~Office~~ Authority shall promulgate any rules or actions
13 necessary to implement the provisions of this section.

14 SECTION 45. AMENDATORY 74 O.S. 2011, Section 1374, as
15 amended by Section 982, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
16 2014, Section 1374), is amended to read as follows:

17 Section 1374. For the plan year beginning January 1, 2005, and
18 for each year thereafter, it shall be the fiduciary responsibility
19 of the ~~Office of Management and Enterprise Services~~ Oklahoma Health
20 Care Authority to ensure that participants have the option to choose
21 which vision plan best meets their individual needs by offering
22 every vision plan that notifies the ~~Office~~ Authority of its desire
23 to participate no later than July 1 of each year and meets or
24 exceeds the following criteria:

1 1. Has in place a statewide network of at least one hundred
2 fifty providers. "Providers", for purposes of this section, means
3 Optometrists (OD), Ophthalmologists (MD), and Ophthalmologists (DO)
4 which shall be counted once regardless of the number of locations
5 where they may practice. Optical shops and retail optical locations
6 shall not be listed as providers. The company offering the vision
7 plan must have a direct relationship with each provider on its
8 panel, and may not lease, borrow, or otherwise obtain use of a
9 provider panel from another company. This would not prevent a
10 company from offering their plan through one corporate entity and
11 administering the plan or provider panel through another legal
12 entity of the same organization. Providers must be actively engaged
13 in providing the services offered under the vision plan they
14 represent;

15 2. Has operated in Oklahoma for at least five (5) years;

16 3. Is licensed by the Insurance Department, certified by the
17 State Department of Health, or licensed as a third-party
18 administrator by the Insurance Department. Vision plans must be
19 offered by the company administering the plan, not by an agent or
20 third party. A company shall offer only one vision plan and rate
21 schedule for each plan year;

22 4. Presents accurate product information in a reproducible
23 format not to exceed two pages; and
24

1 5. Vision plans must provide an examination, frames and lenses,
2 and/or contact lenses and some form of indemnified payment to the
3 contracted providers for each component of the benefits, i.e., the
4 exam, frames and lenses and/or contact lenses. This does not
5 eliminate discounted supplementary benefits under a qualified plan.

6 Any administrative fees imposed by the Oklahoma Employees
7 Insurance and Benefits Board shall be applied equally to all
8 qualified vision plans. There shall be no additional requirements
9 imposed on a vision plan other than the proper licensing or
10 certification by the appropriate state agency.

11 SECTION 46. AMENDATORY 74 O.S. 2011, Section 1375, as
12 amended by Section 19, Chapter 303, O.S.L. 2012 (74 O.S. Supp. 2014,
13 Section 1375), is amended to read as follows:

14 Section 1375. The Oklahoma Employees Insurance and Benefits
15 Board of the ~~Office of Management and Enterprise Services~~ Oklahoma
16 Health Care Authority shall make the pretax health savings account
17 authorized by the provisions of the Health Savings Account Act
18 established in Section 6060.14 of Title 36 of the Oklahoma Statutes
19 available by offering a high deductible health plan to all persons
20 who are eligible employees for purposes of any health care insurance
21 offered through or under the supervision of the ~~Office~~ Authority.
22 The high deductible health plan shall be offered no later than
23 January 1, 2009. Any employee who elects to participate in a high
24 deductible health plan offered through the ~~Office of Management and~~

1 ~~Enterprise Services~~ Oklahoma Health Care Authority may establish a
2 health savings account (HSA) as defined in Section 223 of the
3 Internal Revenue Code. The ~~Director~~ Administrator of the ~~Office of~~
4 ~~Management and Enterprise Services~~ Oklahoma Health Care Authority
5 shall form a working group to study the Oklahoma Employees Insurance
6 and Benefits Plan structure, including, but not limited to, future
7 recommendations for the state employee flexible benefits allowance
8 and the potential of funding on employee health savings accounts.
9 The ~~Director~~ Administrator shall provide a report of the working
10 group study and recommendations to the Legislature and Governor no
11 later than December 31, ~~2012~~ 2015.

12 SECTION 47. This act shall become effective November 1, 2015.

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