

By: Representatives Stevens, McCoy

To: Insurance;
Appropriations

HOUSE BILL NO. 726

1 AN ACT TO COMBINE THE STATE EMPLOYEES LIFE AND HEALTH
2 INSURANCE PLAN WITH THE PUBLIC SCHOOL EMPLOYEES LIFE AND HEALTH
3 INSURANCE PLAN AND TO CREATE THE STATE AND SCHOOL EMPLOYEES LIFE
4 AND HEALTH INSURANCE PLAN; TO AMEND SECTION 25-15-3, MISSISSIPPI
5 CODE OF 1972, TO INCLUDE IN THE PLAN THOSE EMPLOYEES OF PUBLIC
6 SCHOOL DISTRICTS, COMMUNITY/JUNIOR COLLEGES, PUBLIC LIBRARIES AND
7 CERTAIN UNIVERSITY-BASED PROGRAMS; TO AMEND SECTIONS 25-15-5,
8 25-15-9, 25-15-11, 25-15-13, 25-15-14, 25-15-15, 25-15-23,
9 27-104-31 AND 37-19-34, MISSISSIPPI CODE OF 1972, IN CONFORMITY TO
10 THE PROVISIONS OF THIS ACT; TO FURTHER AMEND SECTION 25-15-9,
11 MISSISSIPPI CODE OF 1972, TO INCREASE AMOUNTS OF LIFE INSURANCE
12 FOR WHICH RETIREES ARE ELIGIBLE; TO FURTHER AMEND SECTION
13 25-15-11, MISSISSIPPI CODE OF 1972, TO REVISE REPORTING
14 REQUIREMENTS BY THE BOARD CONCERNING THE PLAN; TO FURTHER AMEND
15 SECTION 25-15-13, MISSISSIPPI CODE OF 1972, TO INCREASE THE
16 MAXIMUM AGE OF ELIGIBILITY FOR CERTAIN DEPENDENTS; TO REPEAL
17 SECTIONS 25-15-251 THROUGH 25-15-265, MISSISSIPPI CODE OF 1972,
18 WHICH PROVIDE FOR A GROUP HEALTH INSURANCE PLAN FOR EMPLOYEES OF
19 SCHOOL DISTRICTS AND COMMUNITY/JUNIOR COLLEGE DISTRICTS AND
20 SECTIONS 37-9-151 AND 37-9-153, MISSISSIPPI CODE OF 1972, WHICH
21 PROVIDE FOR THE DESIGN OF A PLAN OF GROUP HEALTH INSURANCE FOR
22 SCHOOL DISTRICT PERSONNEL; TO AMEND SECTIONS 25-15-301 AND
23 25-15-303, MISSISSIPPI CODE OF 1972, IN CONFORMITY TO THE
24 PROVISIONS OF THIS ACT; AND FOR RELATED PURPOSES.

25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

26 SECTION 1. Section 25-15-3, Mississippi Code of 1972, is
27 amended as follows:

28 25-15-3. For the purposes of this article, the words and
29 phrases used herein shall have the following meanings:

30 (a) "Employee" means a person who works full time for
31 the State of Mississippi and receives his compensation in a direct
32 payment from a department, agency or institution of the State
33 Government and any person who works full time for any school
34 district, community/junior college, public library or
35 university-based program authorized under Section 37-23-31 for
36 deaf, aphasic and emotionally disturbed children or any regular
37 nonstudent bus driver. This shall include legislators, employees
38 of the legislative branch and the judicial branch of the state and

39 "employees" shall include full-time salaried judges and full-time
40 district attorneys and their staff and full-time compulsory school
41 attendance officers. For the purposes of this article, any
42 "employee" making contributions to the State of Mississippi
43 retirement plan shall be considered a full-time employee.

44 (b) "Department" means the Department of Finance and
45 Administration.

46 (c) "Plan" means the State and School Employees Life
47 and Health Insurance Plan created under this article.

48 (d) "Fund" means the State and School Employees
49 Insurance Fund set up under this article.

50 (e) "Retiree" means any employee retired under the
51 Mississippi retirement plan.

52 (f) "Board" means the State and School Employees Health
53 Insurance Management Board created under Section 25-15-303.

54 SECTION 2. Section 25-15-5, Mississippi Code of 1972, is
55 amended as follows:

56 25-15-5. (1) The board shall administer the plan * * * and
57 is authorized to adopt and promulgate rules and regulations for
58 its administration, subject to the terms and limitations contained
59 in this article. * * *

60 * * *

61 (2) The board shall develop a five-year strategic plan for
62 the insurance plan established by Section 25-15-3 et seq. * * *
63 The strategic plan shall address, but not be limited to:

64 (a) Changing trends in the health care industry, and
65 how they effect delivery of services to members of the plan.

66 (b) Alternative service delivery systems.

67 (c) Any foreseeable problems with the present system of
68 delivering and administering health care benefits in Mississippi.

69 (d) The development of options and recommendations for
70 changes in the plan.

71 (3) To carry out the requirements of subsection (2) of this
72 section, the board may conduct formal research, including
73 questionnaires and attitudinal surveys of members' needs and
74 preferences with respect to service delivery.

75 * * *

76 (4) After the board has complied with all provisions of

77 Section 25-15-9 * * * regarding the establishment of the plan, it
78 shall be responsible for fully disclosing to plan members the
79 provisions of the plan. Such disclosure shall consist of the
80 dissemination of educational material on the plan and any proposed
81 changes thereto. The board shall provide members with complete
82 educational materials at least thirty (30) days before the date
83 upon which the plan's members must select a plan option for health
84 care services. The board shall further use the resources of the
85 Mississippi Authority for Educational Television or other state
86 agency, university or college to provide information on proposed
87 changes. The board may also use other state-owned media, as well
88 as public service announcements on private media to disseminate
89 information regarding proposed changes in the plan.

90 (5) The board shall develop and make available for public
91 review at its offices a comprehensive plan document which
92 documents all benefits for which members of the plan created by
93 Section 25-15-3 et seq. * * * are eligible. This document shall
94 be typed and maintained also at the offices of any administrator
95 contracted with in accordance with Section 25-15-301.

96 (6) (a) The board may enter into contracts with
97 accountants, actuaries and other persons from the private sector
98 whose skills are necessary to carry out the purposes of Section
99 25-15-3 et seq.

100 (b) Before the board enters into any contract for
101 services as provided in paragraph (a) of this subsection, the
102 board shall first determine that the services are required, and
103 that the staff of the board and personnel of other state agencies
104 are not sufficiently experienced to provide the services. * * *

105 (c) If the service is to be rendered for a period of in
106 excess of six (6) months, the board shall seek and obtain bids for
107 the service in a manner identical to that provided for in Section
108 25-15-301, subsection (1)(a) and (b) except for those provisions
109 which specifically state criteria which are applicable only to
110 third-party administrators contracted with in accordance with

111 Section 25-15-3 et seq.

112 (d) The board is also authorized to procure legal
113 services if it deems these services to be necessary to carry out
114 its responsibilities under Section 25-15-3 et seq.

115 SECTION 3. Section 25-15-9, Mississippi Code of 1972, is
116 amended as follows:

117 25-15-9. (1) (a) The board shall design a plan of health
118 insurance for state employees which provides benefits for
119 semiprivate rooms in addition to other incidental coverages which
120 the board deems necessary. The amount of the coverages shall be
121 in such reasonable amount as may be determined by the board to be
122 adequate, after due consideration of current health costs in
123 Mississippi. The plan shall also include major medical benefits
124 in such amounts as the board shall determine. The board is also
125 authorized to accept bids for such alternate coverage and optional
126 benefits as the board shall deem proper. Any contract for
127 alternative coverage and optional benefits shall be awarded by the
128 board after it has carefully studied and evaluated the bids and
129 selected the best and most cost-effective bid. The board may
130 reject all such bids; however, the board shall notify all bidders
131 of the rejection and shall actively solicit new bids if all bids
132 are rejected. The board may employ or contract for such
133 consulting or actuarial services as may be necessary to formulate
134 the * * * plan, and to assist the board in the preparation of
135 specifications and in the process of advertising for the bids for
136 the plan. Such contracts shall be solicited and entered into in
137 accordance with Section 25-15-5. The board shall keep a record of
138 all persons, agents and corporations who contract with or assist
139 the board in preparing and developing the plan. The board in a
140 timely manner shall provide copies of this record to the members
141 of the advisory council created in this section and those
142 legislators, or their designees, who may attend meetings of the
143 advisory council. The board shall provide copies of this record
144 in the solicitation of bids for the administration or servicing of

145 the self-insured program. Each person, agent or corporation
146 which, during the previous fiscal year, has assisted in the
147 development of the plan or employed or compensated any person who
148 assisted in the development of the plan, and which bids on the
149 administration or servicing of the plan, shall submit to the board
150 a statement accompanying the bid explaining in detail its
151 participation with the development of the plan. This statement
152 shall include the amount of compensation paid by the bidder to any
153 such employee during the previous fiscal year. The board shall
154 make all such information available to the members of the advisory
155 council and those legislators, or their designees, who may attend
156 meetings of the advisory council before any action is taken by the
157 board on the bids submitted. The failure of any bidder to fully
158 and accurately comply with this paragraph shall result in the
159 rejection of any bid submitted by that bidder or the cancellation
160 of any contract executed when the failure is discovered after the
161 acceptance of that bid. The board is authorized to promulgate
162 rules and regulations to implement the provisions of this
163 subsection.

164 The board shall develop plans for the insurance plan
165 authorized by this section in accordance with the provisions of
166 Section 25-15-5.

167 Any corporation, association, company or individual that
168 contracts with the board for the third-party claims administration
169 of the self-insured plan shall prepare and keep on file an
170 explanation of benefits for each claim processed. The explanation
171 of benefits shall contain such information relative to each
172 processed claim which the board deems necessary, and, at a
173 minimum, each explanation shall provide the claimant's name, claim
174 number, provider number, provider name, service dates, type of
175 services, amount of charges, amount allowed to the claimant and
176 reason codes. The information contained in the explanation of
177 benefits shall be available for inspection upon request by the
178 board. The board shall have access to all claims information

179 utilized in the issuance of payments to employees and providers.

180 (b) There is created an advisory council to advise the
181 board in the formulation of the State and School Employees Health
182 Insurance Plan. The council shall be composed of the State
183 Insurance Commissioner or his designee, an employee-representative
184 of the institutions of higher learning appointed by the board of
185 trustees thereof, an employee-representative of the Department of
186 Transportation appointed by the director thereof, an
187 employee-representative of the State Tax Commission appointed by
188 the Commissioner of Revenue, an employee-representative of the
189 Mississippi Department of Health appointed by the State Health
190 Officer, an employee-representative of the Mississippi Department
191 of Corrections appointed by the Commissioner of Corrections, and
192 an employee-representative of the Department of Human Services
193 appointed by the Executive Director of Human Services, two (2)
194 certificated public school administrators appointed by the State
195 Board of Education, two (2) certificated classroom teachers
196 appointed by the State Board of Education, a noncertificated
197 school employee appointed by the State Board of Education and a
198 community/junior college employee appointed by the State Board for
199 Community and Junior Colleges.

200 The Lieutenant Governor may designate the Secretary of the
201 Senate, the Chairman of the Senate Appropriations Committee, the
202 Chairman of the Senate Education Committee and the Chairman of the
203 Senate Insurance Committee, and the Speaker of the House of
204 Representatives may designate the Clerk of the House, the Chairman
205 of the House Appropriations Committee, the Chairman of the House
206 Education Committee and the Chairman of the House Insurance
207 Committee, to attend any meeting of the State and School Employees
208 Insurance Advisory Council. The appointing authorities may
209 designate an alternate member from their respective houses to
210 serve when the regular designee is unable to attend such meetings
211 of the council. Such designees shall have no jurisdiction or vote
212 on any matter within the jurisdiction of the council. For

213 attending meetings of the council, such legislators shall receive
214 per diem and expenses which shall be paid from the contingent
215 expense funds of their respective houses in the same amounts as
216 provided for committee meetings when the Legislature is not in
217 session; however, no per diem and expenses for attending meetings
218 of the council will be paid while the Legislature is in session.
219 No per diem and expenses will be paid except for attending
220 meetings of the council without prior approval of the proper
221 committee in their respective houses.

222 (c) No change in the terms of the State and School
223 Employees Health Insurance Plan may be made effective unless the
224 board, or its designee, has provided notice to the State and
225 School Employees Health Insurance Advisory Council and has called
226 a meeting of the council at least fifteen (15) days before the
227 effective date of such change. In the event that the State and
228 School Employees Health Insurance Advisory Council does not meet
229 to advise the board on the proposed changes, the changes to the
230 plan shall become effective at such time as the board has informed
231 the council that the changes shall become effective.

232 (d) **Medical benefits for retired employees and**
233 **dependents under age sixty-five (65) years and not eligible for**
234 **Medicare benefits.** The same health insurance coverage as for all
235 other active employees and their dependents shall be available to
236 retired employees and all dependents under age sixty-five (65)
237 years who are not eligible for medicare benefits, the level of
238 benefits to be the same level as for all other active
239 participants. This section will apply to those employees who
240 retire due to one hundred percent (100%) medical disability as
241 well as those employees electing early retirement.

242 (e) **Medical benefits for retired employees and**
243 **dependents over age sixty-five (65) years or otherwise eligible**
244 **for medicare benefits.** The health insurance coverage available to
245 retired employees over age sixty-five (65) years or otherwise
246 eligible for Medicare benefits, and all dependents over age

247 sixty-five (65) years or otherwise eligible for Medicare benefits,
248 shall be the major medical coverage with the lifetime maximum of
249 One Million Dollars (\$1,000,000.00). Benefits shall be reduced by
250 Medicare benefits as though such Medicare benefits were the base
251 plan.

252 All covered individuals shall be assumed to have full
253 Medicare coverage, Parts A and B; and any Medicare payments under
254 both Parts A and B shall be computed to reduce benefits payable
255 under this plan.

256 (2) Nonduplication of benefits--reduction of benefits by
257 Title XIX benefits: When benefits would be payable under more
258 than one (1) group plan, benefits under those plans will be
259 coordinated to the extent that the total benefits under all plans
260 will not exceed the total expenses incurred.

261 Benefits for hospital or surgical or medical benefits shall
262 be reduced by any similar benefits payable in accordance with
263 Title XIX of the Social Security Act or under any amendments
264 thereto, or any implementing legislation.

265 Benefits for hospital or surgical or medical benefits shall
266 be reduced by any similar benefits payable by workers'
267 compensation. (3) Schedule of life insurance

268 benefits--group term: The amount of term life insurance for each
269 active employee shall not be in excess of One Hundred Thousand
270 Dollars (\$100,000.00), or twice the amount of the employee's
271 annual wage to the next highest One Thousand Dollars (\$1,000.00),
272 whichever may be less, but in no case less than Thirty Thousand
273 Dollars (\$30,000.00), with a like amount for accidental death and
274 dismemberment on a twenty-four-hour basis. The plan will further
275 contain a premium waiver provision if a covered employee becomes
276 totally and permanently disabled prior to age sixty-five (65)
277 years. * * * Employees retiring after June 30, 1999, shall be
278 eligible to continue life insurance coverage in an amount of Five
279 Thousand Dollars (\$5,000.00), Ten Thousand Dollars (\$10,000.00) or
280 Twenty Thousand Dollars (\$20,000.00) into retirement. * * *

281 (4) Any eligible employee who on March 1, 1971, was
282 participating in a group life insurance program which has
283 provisions different from those included herein and for which the
284 State of Mississippi was paying a part of the premium may, at his
285 discretion, continue to participate in such plan. Such employee
286 shall pay in full all additional costs, if any, above the minimum
287 program established by this article. Under no circumstances shall
288 any individual who begins employment with the state after March 1,
289 1971, be eligible for the provisions of this paragraph.

290 * * *

291 (5) * * * The board may offer medical savings accounts as
292 defined in Section 71-9-3 as a plan option. * * *

293 * * *

294 (6) Any premium differentials, differences in coverages,
295 discounts determined by risk or by any other factors shall be
296 uniformly applied to all active employees participating in the
297 insurance plan. It is the intent of the Legislature that the
298 state contribution to the plan be the same for each employee
299 throughout the state.

300 SECTION 4. Section 25-15-11, Mississippi Code of 1972, is
301 amended as follows:

302 25-15-11. (1) The board is authorized to execute a contract
303 or contracts to provide the benefits under the plan. Such
304 contract or contracts may be executed with one or more
305 corporations or associations licensed to transact life and
306 accident and health insurance business in this state; however, no
307 such contract shall be executed with any corporation, association
308 or company domiciled in any other state except that such
309 corporation, association or company shall meet the conditions and
310 terms for a like contract established by the state of the domicile
311 of such corporation, association or company for a Mississippi
312 corporation, association or company. No corporation, association
313 or company with less than five (5) years' experience in the life
314 and health field may bid. All of the benefits to be provided

315 under the plan may be included in one or more similar contracts,
316 or the benefits may be classified into different types with each
317 type included under one or more similar contracts issued by the
318 same or different companies.

319 The board shall supply the statistical information upon which
320 a quotation is to be calculated, upon request, to all carriers
321 licensed in the state. Bids may be accepted at the discretion of
322 the board, and the board shall have the right to adjust rates on
323 an annual basis if the board shall deem such adjustment necessary.

324 The plan for active employees shall be on retention accounting
325 basis, and a separate retention accounting basis shall be used for
326 retired employees. Any additional written information the carrier
327 wishes to submit, supporting the proposed benefits and premium
328 rate, may accompany the proposal. * * * After receiving the
329 proposals, the board shall determine whether to contract with the
330 carrier which has been determined to have submitted the lowest and
331 best bid, or to reject all such bids and receive new proposals.

332 The board shall authorize any corporation licensed to
333 transact accident and health insurance business in this state
334 issuing any such contract to reinsure portions of such contract
335 with any other such corporation which elected to be a reinsurer
336 and is legally competent to enter into a reinsurance agreement.
337 The board may designate one or more of such corporations as the
338 administering corporation or corporations. Each employee who is
339 covered under any such contract or contracts shall receive a
340 certificate setting forth the benefits to which the employee is
341 entitled thereunder, to whom such benefits shall be payable, to
342 whom claims should be submitted, and summarizing the provisions of
343 the contract principally affecting the employee. Such certificate
344 shall be in lieu of the certificate which the corporation or
345 corporations issuing such contract or contracts would otherwise
346 issue.

347 The board may, as of the end of any contract year,
348 discontinue any contract or contracts it has executed with any

349 corporation or corporations and replace it or them with a contract
350 or contracts in any other corporation or corporations meeting the
351 requirements of this section.

352 The board may reject any and all bids and contracts under
353 this section and may elect for the state to become a self-insurer;
354 however, administration and service of any such self-insured
355 program may be contracted to a third party by the board.

356 Any contract with a third party to administer the plan shall
357 be bid and entered into in accordance with the procedures provided
358 in Section 25-15-301.

359 (2) By September 30 of each year, the board shall report to
360 the Joint Legislative Budget Committee, Senate Insurance
361 Committee, House Insurance Committee and Joint Legislative
362 Committee on Performance Evaluation and Expenditure Review the
363 condition of the State and School Employees Life and Health
364 Insurance Plan. Such report shall contain for the most recently
365 completed fiscal year, but not be limited to, the following:

366 (a) The plan's financial condition at the close of the
367 fiscal year.

368 (b) The history of yearly claims paid and premiums
369 received for each premium class, including, but not limited to,
370 active employees, dependents and retirees.

371 (c) The history of loss ratios for the active
372 employees, dependents and retirees premium classes as well as
373 historical trend of such ratios. For the purposes of this
374 section, the term "loss ratios" means claims paid by the plan for
375 each premium class divided by premiums received by the plan for
376 insurance coverage of the members in that premium class.

377 (d) Budgetary information, including:

378 (i) A detailed breakdown of all expenditures of
379 the plan, administrative and otherwise, for the most recently
380 completed fiscal year and projected expenditures, administrative
381 and otherwise, for the current and next fiscal year;

382 (ii) A schedule of all contracts, administrative

383 and otherwise, executed for the benefit of the plan during the
384 most recent completed fiscal year and those executed and
385 anticipated for the current fiscal year; and

386 (iii) A description of the processes used by the
387 board to procure all contracts, administrative and otherwise, as
388 well as a description of the scope of services to be provided by
389 each contractor.

390 Budgetary information shall be provided in a format
391 designated by the Joint Legislative Budget Committee.

392 The Joint Legislative Budget Committee, Senate Insurance
393 Committee, House Insurance Committee and Joint Legislative
394 Committee on Performance Evaluation and Expenditure Review may
395 request additional information or reports from the board on an
396 as-needed basis.

397 (3) Annually, the board shall request, and the Department of
398 Audit shall conduct, a comprehensive audit of the State and School
399 Employees Life and Health Insurance Plan. For purposes of this
400 section, the audit required herein shall be separate and distinct
401 from any audit prepared in conjunction with the development of the
402 Comprehensive Annual Financial Report (CAFR).

403 SECTION 5. Section 25-15-13, Mississippi Code of 1972, is
404 amended as follows:

405 25-15-13. Each eligible employee may participate in the
406 plan by signing up for the plan at the time of employment. Each
407 eligible employee who declines coverage under the plan must sign a
408 waiver of coverage. After acceptance in the plan, the employee
409 may cease his or her participation by filing a specific disclaimer
410 with the board. Forms for this purpose shall be prescribed and
411 issued by the board. All eligible employees will be eligible to
412 participate in the plan on the effective date of the plan or on
413 the date on which they are employed by the state, whichever is
414 later, provided they make the necessary contributions as provided
415 in this article. Spouses of employees, unmarried dependent
416 children from birth to age nineteen (19) years, unmarried

417 dependent children who are full-time students up to age
418 twenty-five (25) years, and physically or mentally handicapped
419 children, regardless of age, are eligible under the plan as of the
420 date the employee becomes eligible. If both spouses are eligible
421 employees who participate in the plan, the benefits shall apply
422 individually to each spouse by virtue of his or her participation
423 in the plan. If those spouses also have one or more eligible
424 dependents participating in the plan, the cost of their dependents
425 shall be calculated at a special family plan rate. The cost for
426 participation by the dependents shall be paid by the spouse who
427 elects to carry such dependents under his or her coverage.

428 SECTION 6. Section 25-15-14, Mississippi Code of 1972, is
429 amended as follows:

430 25-15-14. Any elected state or district official who does
431 not run for reelection or who is defeated before being entitled to
432 receive a retirement allowance shall be eligible to continue to
433 participate in the State and School Employees Health Insurance
434 Plan under the same conditions and coverages for retired
435 employees.

436 SECTION 7. Section 25-15-15, Mississippi Code of 1972, is
437 amended as follows:

438 25-15-15. (1) The board is authorized to determine the
439 manner in which premiums and contributions by the state agencies,
440 local school districts, colleges, universities, community/junior
441 colleges and public libraries shall be collected to provide the
442 self-insured health insurance program for employees as provided
443 under this article. The state shall provide fifty percent (50%)
444 of the cost of the above life insurance plan and one hundred
445 percent (100%) of the cost of the above health insurance plan for
446 all active full-time employees, and the employees shall be given
447 the opportunity to purchase coverage for their eligible dependents
448 with the premiums for such dependent coverage as well as the
449 employee's fifty percent (50%) share for his life insurance
450 coverage to be deductible from the employee's salary by the

451 agency, department or institution head, which deductions, together
452 with the fifty percent (50%) share of such life insurance premiums
453 of such employing agency, department or institution head from
454 funds appropriated to or authorized to be expended by such
455 employing agency, department or institution head, shall be
456 deposited directly into a depository bank or special fund in the
457 State Treasury, as determined by the board. These funds and
458 interest earned on these funds may be used for the disbursement of
459 claims and shall be exempt from the appropriation process.

460 (2) The state shall provide annually, by line item in the
461 Mississippi Library Commission appropriation bill, such funds to
462 pay one hundred percent (100%) of the cost of health insurance
463 under the State and School Employees Health Insurance Plan for all
464 full-time library staff members in each public library in
465 Mississippi. The commission shall allot to each public library a
466 sufficient amount of those funds appropriated to pay the costs of
467 insurance for eligible employees. Any funds so appropriated by
468 line item which are not expended during the fiscal year for which
469 such funds were appropriated shall be carried forward for the same
470 purposes during the next succeeding fiscal year. If any premiums
471 for the health insurance and/or late charges and interest
472 penalties are not paid by a public library in a timely manner, as
473 defined by the board, the Mississippi Library Commission, upon
474 notice by the board, shall immediately withhold all subsequent
475 disbursements of funds to that public library.

476 (3) The state shall annually provide one hundred percent
477 (100%) of the cost of the health insurance plan for all public
478 school district employees who work no less than twenty (20) hours
479 during each week and regular nonstudent school bus drivers. Where
480 federal funding is allowable to defray, in full or in part, the
481 cost of participation in the program by district employees who
482 work no less than twenty (20) hours during the week and regular
483 nonstudent bus drivers, whose salaries are paid, in full or in
484 part, by federal funds, the allowance under this section shall be

485 reduced to the extent of such federal funding. Where the use of
486 federal funds is allowable but not available, it is the intent of
487 the Legislature that school districts contribute the cost of
488 participation for such employees from local funds, except that
489 parent fees for child nutrition programs shall not be increased to
490 cover such cost.

491 (4) The state shall provide annually, by line item in the
492 community/junior college appropriation bill, such funds to pay one
493 hundred percent (100%) of the cost of the health insurance plan
494 for all community/junior college district employees who work no
495 less than twenty (20) hours during each week.

496 (5) When the use of federal funding is allowable to defray,
497 in full or in part, the cost of participation in the insurance
498 plan by community/junior college district employees who work no
499 less than twenty (20) hours during each week, whose salaries are
500 paid, in full or in part, by federal funds, the allowance under
501 this section shall be reduced to the extent of the federal
502 funding. Where the use of federal funds is allowable but not
503 available, it is the intent of the Legislature that
504 community/junior college districts contribute the cost of
505 participation for such employees from local funds.

506 (6) Any community/junior college district may contribute to
507 the cost of coverage for any district employee from local
508 community/junior college district funds, and any public school
509 district may contribute to the cost of coverage for any district
510 employee from nonminimum program funds. Any part of the cost of
511 such coverage for participating employees of public school
512 districts and public community/junior college districts that is
513 not paid by the state shall be paid by the participating
514 employees, which shall be deducted from the salaries of the
515 employees in a manner determined by the board.

516 (7) Any funds appropriated for the cost of insurance by line
517 item in the community/junior colleges appropriation bill which are
518 not expended during the fiscal year for which such funds were

519 appropriated shall be carried forward for the same purposes during
520 the next succeeding fiscal year.

521 (8) The board may establish and enforce late charges and
522 interest penalties or other penalties for the purpose of requiring
523 the prompt payment of all premiums for life and health insurance
524 permitted under Chapter 15 of Title 25. All funds in excess of
525 the amount needed for disbursement of claims shall be deposited in
526 a special fund in the State Treasury to be known as the State and
527 School Employees Insurance Fund. The State Treasurer shall invest
528 all funds in the State and School Employees Insurance Fund and all
529 interest earned shall be credited to the State and School
530 Employees Insurance Fund. Such funds shall be placed with one or
531 more depositories of the state and invested on the first day such
532 funds are available for investment in certificates of deposit,
533 repurchase agreements or in United States Treasury bills or as
534 otherwise authorized by law for the investment of Public
535 Employees' Retirement System funds, as long as such investment is
536 made from competitive offering and at the highest and best market
537 rate obtainable consistent with any available investment
538 alternatives; however, such investments shall not be made in
539 shares of stock, common or preferred, or in any other investments
540 which would mature more than one (1) year from the date of
541 investment. The board shall have the authority to draw from this
542 fund periodically such funds as are necessary to operate the
543 self-insurance plan or to pay to the insurance carrier the cost of
544 operation of this plan, it being the purpose to limit the amount
545 of participation by the state to fifty percent (50%) of the cost
546 of the life insurance program and not to limit the contracting for
547 additional benefits where the cost will be paid in full by the
548 employee. The state shall not share in the cost of coverage for
549 retired employees.

550 (9) The board shall also provide for the creation of an
551 Insurance Reserve Fund and funds therein shall be invested by the
552 State Treasurer with all interest earned credited to the State and

553 School Employees Insurance Fund.

554 (10) Any retired employee electing to purchase retired life
555 and health insurance will have the full cost of such insurance
556 deducted monthly from his State of Mississippi retirement plan
557 check or direct billed for the cost of the premium if the
558 retirement check is insufficient to pay for the premium. If the
559 board determines actuarially that the premium paid by the
560 participating retirees adversely affects the overall cost of the
561 plan to the state, then the department may impose a premium
562 surcharge, not to exceed fifteen percent (15%), upon such
563 participating retired employees who are under the age for Medicare
564 eligibility.

565 SECTION 8. Section 25-15-23, Mississippi Code of 1972, is
566 amended as follows:

567 25-15-23. No agency, board, school district,
568 community/junior college, public library, university, institution
569 or authority of the state shall withdraw, or authorize any agency
570 or institution under its management and control to withdraw, from
571 the State and School Employees Life and Health Insurance Plan
572 established under Title 25, Chapter 15, Mississippi Code of 1972.

573 SECTION 9. Section 27-104-31, Mississippi Code of 1972, is
574 amended as follows:

575 27-104-31. (1) The State Fiscal Officer shall have the
576 following powers and duties, acting through the Insurance
577 Division:

578 (a) To implement and administer a comprehensive risk
579 management program for all state agencies, including but not
580 limited to the areas of * * * liability insurance and workers'
581 compensation insurance;

582 * * *

583 (b) To coordinate and administer the Employment
584 Compensation Revolving Fund for state agencies as directed in
585 Section 71-5-359(2)(c);

586 (c) To coordinate and administer the liability plans

587 authorized in Section 11-46-17;

588 (d) To coordinate and administer the workers'
589 compensation plan for state agencies as a self-insured program and
590 to determine the feasibility of other self-insured programs for
591 state agencies;

592 (e) To require of state agencies premium payments or
593 contributions to self-insurance funds or both necessary to meet
594 the obligations created by the comprehensive risk management
595 program. Such self-insurance fund created shall be maintained as
596 separate special funds in the State Treasury or in authorized bank
597 accounts. Such funds as required shall be used to pay claims
598 under the workers' compensation self-insurance fund. All such
599 funds shall be exempt from the appropriation process. All
600 interest earned from the investment of monies in the funds shall
601 be credited to the appropriate special fund. Monies remaining in
602 such special funds at the end of the fiscal year shall not lapse
603 into the State General Fund;

604 (f) To promulgate and adopt rules and regulations
605 necessary to effect the provisions of a comprehensive risk
606 management program; and

607 (g) To pay such administrative costs necessary to
608 insure the successful operation of each program administered by
609 the insurance division. Such administrative costs shall include
610 the operating expenses of the division. Each program shall be
611 assessed their proportionate share of those operating expenses.

612 (h) To provide administrative support to the board as
613 defined in Section 25-15-3.

614 * * *

615 (2) The State Fiscal Officer shall not have the power or
616 authority to request that bonds be issued or any funds borrowed in
617 order to implement a comprehensive risk management program or plan
618 of self-insurance for the state, or any of its political
619 subdivisions, or to contribute to the Tort Claims Fund.

620 SECTION 10. Section 37-19-34, Mississippi Code of 1972, is

621 amended as follows:

622 37-19-34.

623 * * *

624 The State Department of Education, in accordance with rules
625 and regulations established by the State Board of Education, may
626 withhold a school district's minimum program funds for failure of
627 the district to timely report student, fiscal and personnel data
628 necessary to meet state and/or federal requirements. The rules
629 and regulations promulgated by the State Board of Education shall
630 require the withholding of minimum program funds for those
631 districts that fail to remit premiums, interest penalties and/or
632 late charges under the State and School Employees Life and Health
633 Insurance Plan. Noncompliance with such rules and regulations
634 shall result in a violation of compulsory accreditation standards
635 as established by the State Board of Education and Commission on
636 School Accreditation.

637 SECTION 11. Sections 25-15-251, 25-15-253, 25-15-255,
638 25-15-256, 25-15-257, 25-15-259, 25-15-261, 25-15-263 and
639 25-15-265, Mississippi Code of 1972, which provide for a group
640 health insurance plan for employees of school districts and
641 community/junior college districts, and Sections 37-9-151 and
642 37-9-153, Mississippi Code of 1972, which provide for the design
643 of a plan of group health insurance for school district personnel,
644 are repealed.

645 SECTION 12. Section 25-15-301, Mississippi Code of 1972, is
646 amended as follows:

647 25-15-301. (1) The board may contract the administration
648 and service of the self-insured program to a third party.

649 Whenever the board chooses to contract with an administrator for
650 the insurance plan established by Section 25-15-3 et seq., * * *
651 it shall comply with the procedures set forth in this section:

652 (a) If the board determines that it should contract out
653 the administration of the plan to an administrator, it shall cause
654 to be prepared a request for proposals. This request for

655 proposals shall be prepared for distribution to any interested
656 party. Notice of the board's intention to seek proposals shall be
657 published in a newspaper of general circulation at least one (1)
658 time per week for three (3) weeks before closing the period for
659 interested parties to respond. Additional forms of notice may
660 also be used. The newspaper notice shall inform the interested
661 parties of the service to be contracted, existence of a request
662 for proposals, how it can be obtained, when a proposal must be
663 submitted, and to whom the proposal must be submitted. All
664 requests for proposals shall describe clearly what service is to
665 be contracted, and shall fully explain the criteria upon which an
666 evaluation of proposals shall be based. The criteria to be used
667 for evaluations shall, at minimum, include:

668 (i) The administrator's proven ability to handle
669 large group accident and health insurance plans;

670 (ii) The efficiency of the claims-paying
671 procedures;

672 (iii) An estimate of the total charges for
673 administering the plan.

674 (b) All proposals submitted by interested parties shall
675 be evaluated by an internal review committee which shall apply the
676 same criteria to all proposals when conducting an evaluation. The
677 committee shall consist of at least three (3) members of the
678 board. The results and recommendations of the evaluation shall be
679 presented to the board for review. All evaluations presented to
680 the board shall be retained by the board for at least three (3)
681 years. The board may accept or reject any recommendation of the
682 review committee, or it may conduct further inquiry into the
683 proposals. Any further inquiry shall be clearly documented and
684 all methods and recommendations shall be retained by the board and
685 shall spread upon its minutes its choice of administrator and its
686 reasons for making the choice.

687 (c) (i) The board shall be responsible for preparing a
688 contract that shall be in accordance with all provisions of this

689 section and all other provisions of law. The contract shall also
690 include a requirement that the contractor shall consent to an
691 evaluation of his performance. Such evaluation shall occur after
692 the first six (6) months of the contract, and shall be reviewed at
693 times the board determines to be necessary. The contract shall
694 clearly describe the standards upon which the contractor shall be
695 evaluated. Evaluations shall include, but not be limited to,
696 efficiency in claims processing, including the processing pending
697 claims.

698 (ii) The PEER Committee, at the request of the
699 House or Senate Appropriations Committee or the House or Senate
700 Insurance Committee and with funds specifically appropriated by
701 the Legislature for such purpose, shall contract with an
702 accounting firm or with other professionals to conduct a
703 compliance audit of any administrator responsible for
704 administering the insurance plan established by Section 25-15-3 et
705 seq. * * *. Such audit shall review the administrator's
706 compliance with the performance standards required for inclusion
707 in the administrator's contract. Such audit shall be * * *
708 delivered to the Legislature no later than January 1 * * *.

709 (2) Contracts for the administration of the insurance plan
710 established in Section 25-15-3 et seq. * * * shall commence at the
711 beginning of the calendar year and shall end on the last day of a
712 calendar year. This shall not apply to contracts provided for in
713 subsection (3) of this section.

714 (3) If the board determines that it is necessary to not
715 renew the contract of an administrator, or finds it necessary to
716 terminate a contract with or without cause as provided for in the
717 contract of the administrator, the board is authorized to select
718 an administrator without complying with the bid requirements in
719 subsections (1) and (2) of this section. Such contracts shall be
720 for the balance of the calendar year in which the nonrenewal or
721 termination occurred, and may be for an additional calendar year
722 if the board determines that the best interests of the plan

723 members are served by such. Any contract negotiated on an interim
724 basis shall include a detailed transition plan which shall ensure
725 the orderly transfer of responsibilities between administrators
726 and shall include, but not be limited to, provisions regarding the
727 transfer of records, files and tapes.

728 (4) Except for contracts executed under the authority of
729 subsection (3) of this section, the board shall select
730 administrators at least six (6) months before the expiration of
731 the current administrator's contract. The period between the
732 selection of the new administrator and the effective date of the
733 new contract shall be known as the transition period. Whenever
734 the newly selected administrator is an entity different from the
735 entity performing the administrator's function, it shall be the
736 duty of the board to prepare a detailed transition plan which
737 shall insure the orderly transfer of responsibilities between
738 administrators. This plan shall be effective during the
739 transition period, and shall include, but not be limited to,
740 provisions regarding the transfer of records, files and tapes.
741 Further, the plan shall detail the steps necessary to transfer
742 records and responsibilities and set deadlines for when such steps
743 should be completed. The board shall include in all requests for
744 proposals, contracts with administrators, and all other contracts,
745 provisions requiring the cooperation of administrators and
746 contractors in any future transition of responsibilities, and
747 their cooperation with the board and other contractors with
748 respect to ongoing coordination and delivery of health plan
749 services. The board shall furnish the Legislature, Governor and
750 advisory council with copies of all transition plans and keep them
751 informed of progress on such plans.

752 (5) No brokerage fees shall be paid for the securing or
753 executing of any contracts pertaining to the insurance plan
754 established by Section 25-15-3 et seq. * * *, whether fully
755 insured or self-insured.

756 (6) Any corporation, association, company or individual that

757 contracts with the board for the administration or service of the
758 self-insured plan shall remit one hundred percent (100%) of all
759 savings or discounts resulting from any contract to the board or
760 participant, or both. Any corporation, association, company or
761 individual that contracts with the board for the administration or
762 service of the self-insured plan shall allow, upon notice by the
763 board, the board or its designee to audit records of the
764 corporation, association, company or individual relative to the
765 corporation, association, company or individual's performance
766 under any contract with the board. The information maintained by
767 any corporation, association, company or individual, relating to
768 such contracts, shall be available for inspection upon request by
769 the board and such information shall be compiled in a manner that
770 will provide a clear audit trail.

771 SECTION 13. Section 25-15-303, Mississippi Code of 1972, is
772 amended as follows:

773 25-15-303. (1) There is created the State and * * * School
774 Employees Health Insurance Management Board, which shall
775 administer the State and School Employees Life and Health
776 Insurance Plan provided for under Section 25-15-3 et seq. * * *.
777 The State and * * * School Employees Health Insurance Management
778 Board, hereafter referred to as the "board," shall also be
779 responsible for administering all procedures for selecting
780 third-party administrators provided for in Section
781 25-15-301. * * *

782 (2) The board shall consist of the following:

783 (a) The Chairman of the Workers' Compensation
784 Commission;

785 (b) The Commissioner of Insurance;

786 (c) The Commissioner of Higher Education;

787 (d) The State Superintendent of Education;

788 (e) The Executive Director of the Department of Finance
789 and Administration;

790 (f) Two (2) appointees of the Governor whose terms

791 shall be concurrent with that of the Governor, one (1) of whom
792 shall have experience in providing actuarial advice to companies
793 that provide health insurance to large groups and one (1) of whom
794 shall have experience in the day-to-day management and
795 administration of a large self-funded health insurance group;

796 (g) The Chairman of the Senate Insurance Committee or
797 his designee;

798 (h) The Chairman of the House of Representatives
799 Insurance Committee or his designee;

800 (i) The Chairman of the Senate Appropriations Committee
801 or his designee; and

802 (j) The Chairman of the House of Representatives
803 Appropriations Committee or his designee.

804 The legislators, or their designees, shall serve as ex
805 officio, nonvoting members of the board.

806 The Executive Director of the Department of Finance and
807 Administration shall be the chairman of the board.

808 (3) The board shall meet at least monthly and maintain
809 minutes of such meetings. A quorum shall consist of a majority of
810 the authorized voting membership of the board. The board shall
811 have the sole authority to promulgate rules and regulations
812 governing the operations of the insurance plans and shall be
813 vested with all legal authority necessary and proper to perform
814 this function including, but not limited to:

815 (a) Defining the scope and coverages provided by the
816 insurance plan;

817 (b) Seeking proposals for services or insurance through
818 competitive processes where required by law and selecting service
819 providers or insurers under procedures provided for by law; and

820 (c) Developing and adopting strategic plans and budgets
821 for the insurance plan.

822 The department shall * * * employ a State Insurance
823 Administrator, who shall be responsible for the day-to-day
824 management and administration of the insurance plan. The board

825 shall employ a Deputy State Insurance Administrator who shall be
826 an actuary and a member of the American Academy of Actuaries. The
827 Deputy State Insurance Administrator shall have experience in
828 providing actuarial services to companies which provide health
829 insurance to large groups. The deputy administrator shall receive
830 a salary set by the board and shall not be subject to the
831 authority of the State Personnel Board for any purpose. The
832 Department of Finance and Administration shall provide to the
833 board on a full-time basis personnel and technical support
834 necessary and sufficient to effectively and efficiently carry out
835 the requirements of this section.

836 (4) Members of the board shall not receive any compensation
837 or per diem, but may receive travel reimbursement provided for
838 under Section 25-3-41 except that the legislators shall receive
839 per diem and expenses which shall be paid from the contingent
840 expense funds of their respective houses in the same amounts as
841 provided for committee meetings when the Legislature is not in
842 session; however, no per diem and expenses for attending meetings
843 of the board shall be paid while the Legislature is in session.

844 SECTION 14. This act shall take effect and be in force from
845 and after July 1, 1999.