

By: Representatives Stevens, McCoy

To: Insurance;  
AppropriationsHOUSE BILL NO. 726  
(As Passed the House)

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

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

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

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

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

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

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

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

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

\* \* \*

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

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

(b) Alternative service delivery systems.

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

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

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

\* \* \*

(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

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

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

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

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

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

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

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

Benefits for hospital or surgical or medical benefits shall be reduced by any similar benefits payable by workers' compensation.

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



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

\* \* \*

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

\* \* \*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Budgetary information, including:

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

(ii) A schedule of all contracts, administrative

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(9) The board shall also provide for the creation of an Insurance Reserve Fund and funds therein shall be invested by the 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

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

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

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

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

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

(c) (i) The board shall be responsible for preparing a 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

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

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

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

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

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

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

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

(2) The board shall consist of the following:

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

(b) The Commissioner of Insurance;

(c) The Commissioner of Higher Education;

(d) The State Superintendent of Education;

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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