

By: Representatives Stevens, McCoy

To: Insurance;
AppropriationsHOUSE BILL NO. 726
(As Sent to Governor)

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 AND TO PROVIDE THAT CERTAIN SCHOOL
13 DISTRICTS, COMMUNITY/JUNIOR COLLEGE DISTRICTS OR PUBLIC LIBRARIES
14 MAY CONTINUE TO PARTICIPATE IN EXISTING POLICIES OF LIFE INSURANCE
15 IN LIEU OF PARTICIPATING IN THE STATE AND SCHOOL LIFE INSURANCE
16 PLAN; TO FURTHER AMEND SECTION 25-15-11, MISSISSIPPI CODE OF 1972,
17 TO REVISE REPORTING REQUIREMENTS BY THE BOARD CONCERNING THE PLAN;
18 TO FURTHER AMEND SECTION 25-15-13, MISSISSIPPI CODE OF 1972, TO
19 INCREASE THE MAXIMUM AGE OF ELIGIBILITY FOR CERTAIN DEPENDENTS; TO
20 REPEAL SECTIONS 25-15-251 THROUGH 25-15-265, MISSISSIPPI CODE OF
21 1972, WHICH PROVIDE FOR A GROUP HEALTH INSURANCE PLAN FOR
22 EMPLOYEES OF SCHOOL DISTRICTS AND COMMUNITY/JUNIOR COLLEGE
23 DISTRICTS AND SECTIONS 37-9-151 AND 37-9-153, MISSISSIPPI CODE OF
24 1972, WHICH PROVIDE FOR THE DESIGN OF A PLAN OF GROUP HEALTH
25 INSURANCE FOR SCHOOL DISTRICT PERSONNEL; TO AMEND SECTIONS
26 25-15-301 AND 25-15-303, MISSISSIPPI CODE OF 1972, IN CONFORMITY
27 TO THE PROVISIONS OF THIS ACT; AND FOR RELATED PURPOSES.

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

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

31 25-15-3. For the purposes of this article, the words and
32 phrases used herein shall have the following meanings:

33 (a) "Employee" means a person who works full time for
34 the State of Mississippi and receives his compensation in a direct
35 payment from a department, agency or institution of the State
36 Government and any person who works full time for any school
37 district, community/junior college, public library or
38 university-based program authorized under Section 37-23-31 for
39 deaf, aphasic and emotionally disturbed children or any regular

40 nonstudent bus driver. This shall include legislators, employees
41 of the legislative branch and the judicial branch of the state and
42 "employees" shall include full-time salaried judges and full-time
43 district attorneys and their staff and full-time compulsory school
44 attendance officers. For the purposes of this article, any
45 "employee" making contributions to the State of Mississippi
46 retirement plan shall be considered a full-time employee.

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

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

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

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

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

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

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

63 * * *

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

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

69 (b) Alternative service delivery systems.

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

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

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

78 * * *

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

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

99 (6) (a) The board may enter into contracts with
100 accountants, actuaries and other persons from the private sector
101 whose skills are necessary to carry out the purposes of Section
102 25-15-3 et seq.

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

108 (c) If the service is to be rendered for a period of in
109 excess of six (6) months, the board shall seek and obtain bids for
110 the service in a manner identical to that provided for in Section
111 25-15-301, subsection (1)(a) and (b) except for those provisions

112 which specifically state criteria which are applicable only to
113 third-party administrators contracted with in accordance with
114 Section 25-15-3 et seq.

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

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

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

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

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

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

180 benefits shall be available for inspection upon request by the
181 board. The board shall have access to all claims information
182 utilized in the issuance of payments to employees and providers.

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

203 The Lieutenant Governor may designate the Secretary of the
204 Senate, the Chairman of the Senate Appropriations Committee, the
205 Chairman of the Senate Education Committee and the Chairman of the
206 Senate Insurance Committee, and the Speaker of the House of
207 Representatives may designate the Clerk of the House, the Chairman
208 of the House Appropriations Committee, the Chairman of the House
209 Education Committee and the Chairman of the House Insurance
210 Committee, to attend any meeting of the State and School Employees
211 Insurance Advisory Council. The appointing authorities may
212 designate an alternate member from their respective houses to
213 serve when the regular designee is unable to attend such meetings

214 of the council. Such designees shall have no jurisdiction or vote
215 on any matter within the jurisdiction of the council. For
216 attending meetings of the council, such legislators shall receive
217 per diem and expenses which shall be paid from the contingent
218 expense funds of their respective houses in the same amounts as
219 provided for committee meetings when the Legislature is not in
220 session; however, no per diem and expenses for attending meetings
221 of the council will be paid while the Legislature is in session.
222 No per diem and expenses will be paid except for attending
223 meetings of the council without prior approval of the proper
224 committee in their respective houses.

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

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

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

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

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

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

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

268 Benefits for hospital or surgical or medical benefits shall
269 be reduced by any similar benefits payable by workers'
270 compensation. (3) (a) Schedule of life insurance

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

282 eligible to continue life insurance coverage in an amount of Five
283 Thousand Dollars (\$5,000.00), Ten Thousand Dollars (\$10,000.00) or
284 Twenty Thousand Dollars (\$20,000.00) into retirement. * * *

285 (b) Effective October 1, 1999, schedule of life
286 insurance benefits--group term: The amount of term life insurance
287 for each active employee of any school district, community/junior
288 college, public library or university-based program authorized
289 under Section 37-23-31 for deaf, aphasic and emotionally disturbed
290 children or any regular nonstudent bus driver shall not be in
291 excess of One Hundred Thousand Dollars (\$100,000.00), or twice the
292 amount of the employee's annual wage to the next highest One
293 Thousand Dollars (\$1,000.00), whichever may be less, but in no
294 case less than Thirty Thousand Dollars (\$30,000.00), with a like
295 amount for accidental death and dismemberment on a
296 twenty-four-hour basis. The plan will further contain a premium
297 waiver provision if a covered employee of any school district,
298 community/junior college, public library or university-based
299 program authorized under Section 37-23-31 for deaf, aphasic and
300 emotionally disturbed children or any regular nonstudent bus
301 driver becomes totally and permanently disabled prior to age
302 sixty-five (65) years. Employees of any school district,
303 community/junior college, public library or university-based
304 program authorized under Section 37-23-31 for deaf, aphasic and
305 emotionally disturbed children or any regular nonstudent bus
306 driver retiring after September 30, 1999, shall be eligible to
307 continue life insurance coverage in an amount of Five Thousand
308 Dollars (\$5,000.00), Ten Thousand Dollars (\$10,000.00) or Twenty
309 Thousand Dollars (\$20,000.00) into retirement.

310 (4) Any eligible employee who on March 1, 1971, was
311 participating in a group life insurance program which has
312 provisions different from those included herein and for which the
313 State of Mississippi was paying a part of the premium may, at his
314 discretion, continue to participate in such plan. Such employee
315 shall pay in full all additional costs, if any, above the minimum

316 program established by this article. Under no circumstances shall
317 any individual who begins employment with the state after March 1,
318 1971, be eligible for the provisions of this paragraph.

319 * * *

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

322 * * *

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

329 (7) On October 1, 1999, any school district,
330 community/junior college district or public library may elect to
331 remain with an existing policy or policies of group life insurance
332 with an insurance company approved by the State and School
333 Employees Health Insurance Management Board, in lieu of
334 participation in the State and School Life Insurance Plan. The
335 state's contribution of up to fifty percent (50%) of the active
336 employee's premium under the State and School Life Insurance Plan
337 may be applied toward the cost of coverage for full-time employees
338 participating in the approved life insurance company group plan.
339 For purposes of this subsection (7), "life insurance company group
340 plan" means a plan administered or sold by a private insurance
341 company. After October 1, 1999, the board may assess charges in
342 addition to the existing State and School Life Insurance Plan
343 rates to such employees as a condition of enrollment in the State
344 and School Life Insurance Plan. In order for any life insurance
345 company group plan existing as of October 1, 1999, to be approved
346 by the State and School Employees Health Insurance Management
347 Board under this subsection (7), it shall meet the following
348 criteria:

349 (a) The insurance company offering the group life

350 insurance plan shall be rated "A-" or better by A.M. Best state
351 insurance rating service and be licensed as an admitted carrier in
352 the State of Mississippi by the Mississippi Department of
353 Insurance.

354 (b) The insurance company group life insurance plan
355 shall provide the same life insurance, accidental death and
356 dismemberment insurance and waiver of premium benefits as provided
357 in the State and School Life Insurance Plan.

358 (c) The insurance company group life insurance plan
359 shall be fully insured, and no form of self-funding life insurance
360 by such company shall be approved.

361 (d) The insurance company group life insurance plan
362 shall have one (1) composite rate per One Thousand Dollars
363 (\$1,000.00) of coverage for active employees regardless of age and
364 one (1) composite rate per One Thousand Dollars (\$1,000.00) of
365 coverage for all retirees regardless of age or type of retiree.

366 (e) The insurance company and its group life insurance
367 plan shall comply with any administrative requirements of the
368 State and School Employees Health Insurance Management Board. In
369 the event any insurance company providing group life insurance
370 benefits to employees under this subsection (7) fails to comply
371 with any requirements specified herein or any administrative
372 requirements of the board, the state shall discontinue providing
373 funding for the cost of such insurance.

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

376 25-15-11. (1) The board is authorized to execute a contract
377 or contracts to provide the benefits under the plan. Such
378 contract or contracts may be executed with one or more
379 corporations or associations licensed to transact life and
380 accident and health insurance business in this state; however, no
381 such contract shall be executed with any corporation, association
382 or company domiciled in any other state except that such
383 corporation, association or company shall meet the conditions and

384 terms for a like contract established by the state of the domicile
385 of such corporation, association or company for a Mississippi
386 corporation, association or company. No corporation, association
387 or company with less than five (5) years' experience in the life
388 and health field may bid. All of the benefits to be provided
389 under the plan may be included in one or more similar contracts,
390 or the benefits may be classified into different types with each
391 type included under one or more similar contracts issued by the
392 same or different companies.

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

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

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

418 shall be in lieu of the certificate which the corporation or
419 corporations issuing such contract or contracts would otherwise
420 issue.

421 The board may, as of the end of any contract year,
422 discontinue any contract or contracts it has executed with any
423 corporation or corporations and replace it or them with a contract
424 or contracts in any other corporation or corporations meeting the
425 requirements of this section.

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

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

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

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

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

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

452 (d) Budgetary information, including:

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

457 (ii) A schedule of all contracts, administrative
458 and otherwise, executed for the benefit of the plan during the
459 most recent completed fiscal year and those executed and
460 anticipated for the current fiscal year; and

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

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

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

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

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

481 25-15-13. Each eligible employee may participate in the
482 plan by signing up for the plan at the time of employment. Each
483 eligible employee who declines coverage under the plan must sign a
484 waiver of coverage. After acceptance in the plan, the employee
485 may cease his or her participation by filing a specific disclaimer

486 with the board. Forms for this purpose shall be prescribed and
487 issued by the board. All eligible employees will be eligible to
488 participate in the plan on the effective date of the plan or on
489 the date on which they are employed by the state, whichever is
490 later, provided they make the necessary contributions as provided
491 in this article. Spouses of employees, unmarried dependent
492 children from birth to age nineteen (19) years, unmarried
493 dependent children who are full-time students up to age
494 twenty-five (25) years, and physically or mentally handicapped
495 children, regardless of age, are eligible under the plan as of the
496 date the employee becomes eligible. If both spouses are eligible
497 employees who participate in the plan, the benefits shall apply
498 individually to each spouse by virtue of his or her participation
499 in the plan. If those spouses also have one or more eligible
500 dependents participating in the plan, the cost of their dependents
501 shall be calculated at a special family plan rate. The cost for
502 participation by the dependents shall be paid by the spouse who
503 elects to carry such dependents under his or her coverage.

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

506 25-15-14. Any elected state or district official who does
507 not run for reelection or who is defeated before being entitled to
508 receive a retirement allowance shall be eligible to continue to
509 participate in the State and School Employees Health Insurance
510 Plan under the same conditions and coverages for retired
511 employees.

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

514 25-15-15. (1) The board is authorized to determine the
515 manner in which premiums and contributions by the state agencies,
516 local school districts, colleges, universities, community/junior
517 colleges and public libraries shall be collected to provide the
518 self-insured health insurance program for employees as provided
519 under this article. The state shall provide fifty percent (50%)

520 of the cost of the above life insurance plan and one hundred
521 percent (100%) of the cost of the above health insurance plan for
522 all active full-time employees, and the employees shall be given
523 the opportunity to purchase coverage for their eligible dependents
524 with the premiums for such dependent coverage as well as the
525 employee's fifty percent (50%) share for his life insurance
526 coverage to be deductible from the employee's salary by the
527 agency, department or institution head, which deductions, together
528 with the fifty percent (50%) share of such life insurance premiums
529 of such employing agency, department or institution head from
530 funds appropriated to or authorized to be expended by such
531 employing agency, department or institution head, shall be
532 deposited directly into a depository bank or special fund in the
533 State Treasury, as determined by the board. These funds and
534 interest earned on these funds may be used for the disbursement of
535 claims and shall be exempt from the appropriation process.

536 (2) The state shall provide annually, by line item in the
537 Mississippi Library Commission appropriation bill, such funds to
538 pay one hundred percent (100%) of the cost of health insurance
539 under the State and School Employees Health Insurance Plan for all
540 full-time library staff members in each public library in
541 Mississippi. The commission shall allot to each public library a
542 sufficient amount of those funds appropriated to pay the costs of
543 insurance for eligible employees. Any funds so appropriated by
544 line item which are not expended during the fiscal year for which
545 such funds were appropriated shall be carried forward for the same
546 purposes during the next succeeding fiscal year. If any premiums
547 for the health insurance and/or late charges and interest
548 penalties are not paid by a public library in a timely manner, as
549 defined by the board, the Mississippi Library Commission, upon
550 notice by the board, shall immediately withhold all subsequent
551 disbursements of funds to that public library.

552 (3) The state shall annually provide one hundred percent
553 (100%) of the cost of the health insurance plan for all public

554 school district employees who work no less than twenty (20) hours
555 during each week and regular nonstudent school bus drivers. Where
556 federal funding is allowable to defray, in full or in part, the
557 cost of participation in the program by district employees who
558 work no less than twenty (20) hours during the week and regular
559 nonstudent bus drivers, whose salaries are paid, in full or in
560 part, by federal funds, the allowance under this section shall be
561 reduced to the extent of such federal funding. Where the use of
562 federal funds is allowable but not available, it is the intent of
563 the Legislature that school districts contribute the cost of
564 participation for such employees from local funds, except that
565 parent fees for child nutrition programs shall not be increased to
566 cover such cost.

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

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

582 (6) Any community/junior college district may contribute to
583 the cost of coverage for any district employee from local
584 community/junior college district funds, and any public school
585 district may contribute to the cost of coverage for any district
586 employee from nonminimum program funds. Any part of the cost of
587 such coverage for participating employees of public school

588 districts and public community/junior college districts that is
589 not paid by the state shall be paid by the participating
590 employees, which shall be deducted from the salaries of the
591 employees in a manner determined by the board.

592 (7) Any funds appropriated for the cost of insurance by line
593 item in the community/junior colleges appropriation bill which are
594 not expended during the fiscal year for which such funds were
595 appropriated shall be carried forward for the same purposes during
596 the next succeeding fiscal year.

597 (8) The board may establish and enforce late charges and
598 interest penalties or other penalties for the purpose of requiring
599 the prompt payment of all premiums for life and health insurance
600 permitted under Chapter 15 of Title 25. All funds in excess of
601 the amount needed for disbursement of claims shall be deposited in
602 a special fund in the State Treasury to be known as the State and
603 School Employees Insurance Fund. The State Treasurer shall invest
604 all funds in the State and School Employees Insurance Fund and all
605 interest earned shall be credited to the State and School
606 Employees Insurance Fund. Such funds shall be placed with one or
607 more depositories of the state and invested on the first day such
608 funds are available for investment in certificates of deposit,
609 repurchase agreements or in United States Treasury bills or as
610 otherwise authorized by law for the investment of Public
611 Employees' Retirement System funds, as long as such investment is
612 made from competitive offering and at the highest and best market
613 rate obtainable consistent with any available investment
614 alternatives; however, such investments shall not be made in
615 shares of stock, common or preferred, or in any other investments
616 which would mature more than one (1) year from the date of
617 investment. The board shall have the authority to draw from this
618 fund periodically such funds as are necessary to operate the
619 self-insurance plan or to pay to the insurance carrier the cost of
620 operation of this plan, it being the purpose to limit the amount
621 of participation by the state to fifty percent (50%) of the cost

622 of the life insurance program and not to limit the contracting for
623 additional benefits where the cost will be paid in full by the
624 employee. The state shall not share in the cost of coverage for
625 retired employees.

626 (9) The board shall also provide for the creation of an
627 Insurance Reserve Fund and funds therein shall be invested by the
628 State Treasurer with all interest earned credited to the State and
629 School Employees Insurance Fund.

630 (10) Any retired employee electing to purchase retired life
631 and health insurance will have the full cost of such insurance
632 deducted monthly from his State of Mississippi retirement plan
633 check or direct billed for the cost of the premium if the
634 retirement check is insufficient to pay for the premium. If the
635 board determines actuarially that the premium paid by the
636 participating retirees adversely affects the overall cost of the
637 plan to the state, then the department may impose a premium
638 surcharge, not to exceed fifteen percent (15%), upon such
639 participating retired employees who are under the age for Medicare
640 eligibility.

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

643 25-15-23. No agency, board, school district,
644 community/junior college, public library, university, institution
645 or authority of the state shall withdraw, or authorize any agency
646 or institution under its management and control to withdraw, from
647 the State and School Employees Life and Health Insurance Plan
648 established under Title 25, Chapter 15, Mississippi Code of 1972.

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

651 27-104-31. (1) The State Fiscal Officer shall have the
652 following powers and duties, acting through the Insurance
653 Division:

654 (a) To implement and administer a comprehensive risk
655 management program for all state agencies, including but not

656 limited to, the areas of * * * liability insurance and workers'
657 compensation insurance;

658 * * *

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

662 (c) To coordinate and administer the liability plans
663 authorized in Section 11-46-17;

664 (d) To coordinate and administer the workers'
665 compensation plan for state agencies as a self-insured program and
666 to determine the feasibility of other self-insured programs for
667 state agencies;

668 (e) To require of state agencies premium payments or
669 contributions to self-insurance funds or both necessary to meet
670 the obligations created by the comprehensive risk management
671 program. Such self-insurance fund created shall be maintained as
672 separate special funds in the State Treasury or in authorized bank
673 accounts. Such funds as required shall be used to pay claims
674 under the workers' compensation self-insurance fund. All such
675 funds shall be exempt from the appropriation process. All
676 interest earned from the investment of monies in the funds shall
677 be credited to the appropriate special fund. Monies remaining in
678 such special funds at the end of the fiscal year shall not lapse
679 into the State General Fund;

680 (f) To promulgate and adopt rules and regulations
681 necessary to effect the provisions of a comprehensive risk
682 management program; and

683 (g) To pay such administrative costs necessary to
684 insure the successful operation of each program administered by
685 the insurance division. Such administrative costs shall include
686 the operating expenses of the division. Each program shall be
687 assessed their proportionate share of those operating expenses.

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

690 * * *

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

696 SECTION 10. Section 37-19-34, Mississippi Code of 1972, is
697 amended as follows:

698 37-19-34. The State Board of Education shall allot to each
699 school district such funds appropriated to pay one hundred percent
700 (100%) of the cost of the State and School Employees Life and
701 Health Insurance Plan created under Article 7, Chapter 15, Title
702 25, Mississippi Code of 1972, for all district employees who work
703 no less than twenty (20) hours during each week and regular
704 nonstudent school bus drivers employed by the district.

705 Where the use of federal funding is allowable to defray, in
706 full or in part, the cost of participation in the insurance plan
707 by district employees who work no less than twenty (20) hours
708 during each week and regular nonstudent school bus drivers, whose
709 salaries are paid, in full or in part, by federal funds, the
710 allowance under this section shall be reduced to the extent of the
711 federal funding. Where the use of federal funds is allowable but
712 not available, it is the intent of the Legislature that school
713 districts contribute the cost of participation for such employees
714 from local funds, except that parent fees for child nutrition
715 programs shall not be increased to cover such cost.

716 The State Department of Education, in accordance with rules
717 and regulations established by the State Board of Education, may
718 withhold a school district's minimum program funds for failure of
719 the district to timely report student, fiscal and personnel data
720 necessary to meet state and/or federal requirements. The rules
721 and regulations promulgated by the State Board of Education shall
722 require the withholding of minimum program funds for those
723 districts that fail to remit premiums, interest penalties and/or

724 late charges under the State and School Employees Life and Health
725 Insurance Plan. Noncompliance with such rules and regulations
726 shall result in a violation of compulsory accreditation standards
727 as established by the State Board of Education and Commission on
728 School Accreditation.

729 SECTION 11. Sections 25-15-251, 25-15-253, 25-15-255,
730 25-15-256, 25-15-257, 25-15-259, 25-15-261, 25-15-263 and
731 25-15-265, Mississippi Code of 1972, which provide for a group
732 health insurance plan for employees of school districts and
733 community/junior college districts, and Sections 37-9-151 and
734 37-9-153, Mississippi Code of 1972, which provide for the design
735 of a plan of group health insurance for school district personnel,
736 are repealed.

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

739 25-15-301. (1) The board may contract the administration
740 and service of the self-insured program to a third party.

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

744 (a) If the board determines that it should contract out
745 the administration of the plan to an administrator, it shall cause
746 to be prepared a request for proposals. This request for
747 proposals shall be prepared for distribution to any interested
748 party. Notice of the board's intention to seek proposals shall be
749 published in a newspaper of general circulation at least one (1)
750 time per week for three (3) weeks before closing the period for
751 interested parties to respond. Additional forms of notice may
752 also be used. The newspaper notice shall inform the interested
753 parties of the service to be contracted, existence of a request
754 for proposals, how it can be obtained, when a proposal must be
755 submitted, and to whom the proposal must be submitted. All
756 requests for proposals shall describe clearly what service is to
757 be contracted, and shall fully explain the criteria upon which an

758 evaluation of proposals shall be based. The criteria to be used
759 for evaluations shall, at minimum, include:

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

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

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

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

779 (c) (i) The board shall be responsible for preparing a
780 contract that shall be in accordance with all provisions of this
781 section and all other provisions of law. The contract shall also
782 include a requirement that the contractor shall consent to an
783 evaluation of his performance. Such evaluation shall occur after
784 the first six (6) months of the contract, and shall be reviewed at
785 times the board determines to be necessary. The contract shall
786 clearly describe the standards upon which the contractor shall be
787 evaluated. Evaluations shall include, but not be limited to,
788 efficiency in claims processing, including the processing pending
789 claims.

790 (ii) The PEER Committee, at the request of the
791 House or Senate Appropriations Committee or the House or Senate

792 Insurance Committee and with funds specifically appropriated by
793 the Legislature for such purpose, shall contract with an
794 accounting firm or with other professionals to conduct a
795 compliance audit of any administrator responsible for
796 administering the insurance plan established by Section 25-15-3 et
797 seq. * * *. Such audit shall review the administrator's
798 compliance with the performance standards required for inclusion
799 in the administrator's contract. Such audit shall be * * *
800 delivered to the Legislature no later than January 1 * * *.

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

806 (3) If the board determines that it is necessary to not
807 renew the contract of an administrator, or finds it necessary to
808 terminate a contract with or without cause as provided for in the
809 contract of the administrator, the board is authorized to select
810 an administrator without complying with the bid requirements in
811 subsections (1) and (2) of this section. Such contracts shall be
812 for the balance of the calendar year in which the nonrenewal or
813 termination occurred, and may be for an additional calendar year
814 if the board determines that the best interests of the plan
815 members are served by such. Any contract negotiated on an interim
816 basis shall include a detailed transition plan which shall ensure
817 the orderly transfer of responsibilities between administrators
818 and shall include, but not be limited to, provisions regarding the
819 transfer of records, files and tapes.

820 (4) Except for contracts executed under the authority of
821 subsection (3) of this section, the board shall select
822 administrators at least six (6) months before the expiration of
823 the current administrator's contract. The period between the
824 selection of the new administrator and the effective date of the
825 new contract shall be known as the transition period. Whenever

826 the newly selected administrator is an entity different from the
827 entity performing the administrator's function, it shall be the
828 duty of the board to prepare a detailed transition plan which
829 shall insure the orderly transfer of responsibilities between
830 administrators. This plan shall be effective during the
831 transition period, and shall include, but not be limited to,
832 provisions regarding the transfer of records, files and tapes.
833 Further, the plan shall detail the steps necessary to transfer
834 records and responsibilities and set deadlines for when such steps
835 should be completed. The board shall include in all requests for
836 proposals, contracts with administrators, and all other contracts,
837 provisions requiring the cooperation of administrators and
838 contractors in any future transition of responsibilities, and
839 their cooperation with the board and other contractors with
840 respect to ongoing coordination and delivery of health plan
841 services. The board shall furnish the Legislature, Governor and
842 advisory council with copies of all transition plans and keep them
843 informed of progress on such plans.

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

848 (6) Any corporation, association, company or individual that
849 contracts with the board for the administration or service of the
850 self-insured plan shall remit one hundred percent (100%) of all
851 savings or discounts resulting from any contract to the board or
852 participant, or both. Any corporation, association, company or
853 individual that contracts with the board for the administration or
854 service of the self-insured plan shall allow, upon notice by the
855 board, the board or its designee to audit records of the
856 corporation, association, company or individual relative to the
857 corporation, association, company or individual's performance
858 under any contract with the board. The information maintained by
859 any corporation, association, company or individual, relating to

860 such contracts, shall be available for inspection upon request by
861 the board and such information shall be compiled in a manner that
862 will provide a clear audit trail.

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

865 25-15-303. (1) There is created the State and * * * School
866 Employees Health Insurance Management Board, which shall
867 administer the State and School Employees Life and Health
868 Insurance Plan provided for under Section 25-15-3 et seq. * * *.
869 The State and * * * School Employees Health Insurance Management
870 Board, hereafter referred to as the "board," shall also be
871 responsible for administering all procedures for selecting
872 third-party administrators provided for in Section
873 25-15-301. * * *

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

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

877 (b) The Commissioner of Insurance;

878 (c) The Commissioner of Higher Education;

879 (d) The State Superintendent of Education;

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

882 (f) Two (2) appointees of the Governor whose terms
883 shall be concurrent with that of the Governor, one (1) of whom
884 shall have experience in providing actuarial advice to companies
885 that provide health insurance to large groups and one (1) of whom
886 shall have experience in the day-to-day management and
887 administration of a large self-funded health insurance group;

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

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

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

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

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

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

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

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

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

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

914 The department shall * * * employ a State Insurance
915 Administrator, who shall be responsible for the day-to-day
916 management and administration of the insurance plan. The board
917 shall employ a Deputy State Insurance Administrator who shall be
918 an actuary and a member of the American Academy of Actuaries. The
919 Deputy State Insurance Administrator shall have experience in
920 providing actuarial services to companies which provide health
921 insurance to large groups. The deputy administrator shall receive
922 a salary set by the board and shall not be subject to the
923 authority of the State Personnel Board for any purpose. The
924 Department of Finance and Administration shall provide to the
925 board on a full-time basis personnel and technical support
926 necessary and sufficient to effectively and efficiently carry out
927 the requirements of this section.

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

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