

By: Representative Johnson

To: Insurance;
Appropriations

HOUSE BILL NO. 1069

1 AN ACT TO CREATE THE STATE AND SCHOOL EMPLOYEES LONG-TERM
2 CARE INSURANCE PLAN; TO PROVIDE THAT THE STATE AND PUBLIC SCHOOL
3 EMPLOYEES HEALTH INSURANCE MANAGEMENT BOARD SHALL DESIGN AND
4 IMPLEMENT THE STATE AND SCHOOL EMPLOYEES LONG-TERM CARE INSURANCE
5 PLAN AND MAY CONDUCT A PROGRAM TO INFORM AND EDUCATE THE STATE AND
6 SCHOOL EMPLOYEES ABOUT THE FINANCIAL RISKS POSED BY INCREASING
7 LONG-TERM CARE COSTS, THE LIMITS AND RESTRICTIONS ON GOVERNMENTAL
8 COVERAGE OF LONG-TERM CARE COSTS, THE NEED FOR FAMILIES TO PLAN
9 FOR THEIR LONG-TERM CARE NEEDS AND THE BENEFITS OF OBTAINING
10 LONG-TERM CARE INSURANCE; TO PROVIDE THAT THE BOARD MAY CONTRACT
11 WITH ANOTHER ENTITY TO CARRY OUT THE PLAN; AND FOR RELATED
12 PURPOSES.

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

14 SECTION 1. (1) The Legislature finds that:

15 (a) The baby boom generation is beginning to retire,
16 and as the number of retirees continues to grow, the funding
17 needed for social security and Medicare will put an increasing
18 strain on the financial resources of younger Americans.

19 (b) In the coming decade, people over age sixty-five
20 (65) will represent twenty percent (20%) or more of the
21 population, and the proportion of the population composed of
22 persons over age eighty-five (85), who are most likely to be in
23 need of long-term care, may double or triple.

24 (c) With nursing home care now costing an average of
25 Thirty Thousand Dollars (\$30,000.00) to Forty Thousand Dollars
26 (\$40,000.00) per year, long-term care expenses can have a
27 catastrophic effect on families, wiping out a lifetime savings
28 before a spouse, parent or grandparent becomes eligible for
29 Medicaid.

30 (d) Many people are unaware that most long-term care
31 costs are not covered by Medicare and that Medicaid covers
32 long-term care only after the person's assets have been exhausted.

33 (e) The use of private long-term care insurance has the
34 potential to protect families from the catastrophic costs of
35 long-term care services while, at the same time, easing the burden
36 on Medicaid as the baby boom generation ages.

37 (f) The State of Mississippi encourages the employers
38 of the state to follow its example in offering this insurance.

39 (2) The State and Public School Employees Health Insurance
40 Management Board may conduct a program to inform and educate the
41 state and school employees:

42 (a) About the financial risks posed by rapidly
43 increasing long-term care costs;

44 (b) That Medicare does not cover most long-term care
45 costs;

46 (c) That Medicaid covers long-term care costs only when
47 the beneficiary has exhausted his or her assets;

48 (d) About the need for families to plan for their
49 long-term care needs; and

50 (e) That long-term care insurance can help protect
51 families from the catastrophic costs of long-term care services.

52 (3) The State and Public School Employees Health Insurance
53 Management Board may contract with another public or private
54 entity to carry out the educational program, to the extent
55 possible.

56 SECTION 2. For the purposes of this act, the words and
57 phrases used herein shall have the following meanings:

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

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

72 (b) "Plan" means the State and School Employees
73 Long-term Care Insurance Plan created under this act.

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

76 SECTION 3. (1) The board is empowered and authorized to
77 administer the plan for the state and school employees and to
78 adopt and promulgate rules and regulations for its administration,
79 subject to the terms and limitations contained in this act. The
80 board shall employ, subject to the rules and regulations of the
81 State Personnel Board, such personnel as may be needed to carry
82 out the provisions of this act.

83 (2) The board shall be responsible for fully disclosing to
84 plan members the provisions of the plan. Such disclosure shall
85 consist of the dissemination of educational material on the plan
86 and any proposed changes thereto.

87 SECTION 4. The board shall design a plan of long-term care
88 insurance for state and school employees which provides coverage
89 which the board deems necessary. The amount of the coverage shall
90 be in such reasonable amount as may be determined by the board to
91 be adequate, after due consideration of current long-term care
92 costs in Mississippi. The board may employ or contract for such
93 consulting or actuarial services as may be necessary to formulate
94 the State and School Employees Long-term Care Insurance Plan and
95 to assist the board in the preparation of specifications and in
96 the process of advertising for the bids for the plan. The board
97 is authorized to promulgate rules and regulations to implement the
98 provisions of this section.

99 SECTION 5. The board is authorized to execute a contract or
100 contracts to provide the benefits under the plan. Such contract

101 or contracts may be executed with one or more corporations or
102 associations licensed to transact long-term care insurance
103 business in this state. No corporation, association or company
104 with less than five (5) years' experience in the long-term care
105 insurance field may bid.

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

111 Any additional written information the carrier wishes to submit,
112 supporting the proposed benefits and premium rate, may accompany
113 the proposal. Within thirty (30) days after receiving the
114 proposals, the board shall determine whether to contract with the
115 carrier which has been determined to have submitted the lowest and
116 best bid or to reject all such bids and receive new proposals.

117 The board shall authorize any corporation licensed to
118 transact long-term care insurance business in this state issuing
119 any such contract to reinsure portions of such contract with any
120 other such corporation which elected to be a reinsurer and is
121 legally competent to enter into a reinsurance agreement. The
122 board may designate one or more of such corporations as the
123 administering corporation or corporations. Each employee who is
124 covered under any such contract or contracts shall receive a
125 certificate setting forth the benefits to which the employee is
126 entitled thereunder, to whom such benefits shall be payable, to
127 whom claims should be submitted, and summarizing the provisions of
128 the contract principally affecting the employee. Such certificate
129 shall be in lieu of the certificate which the corporation or
130 corporations issuing such contract or contracts would otherwise
131 issue.

132 The board may, as of the end of any contract year,
133 discontinue any contract or contracts it has executed with any
134 corporation or corporations and replace it or them with a contract

135 or contracts in any other corporation or corporations meeting the
136 requirements of this section.

137 SECTION 6. The state and school employees shall pay one
138 hundred percent (100%) of the cost of the premiums for the
139 long-term care insurance plan. State and school employees may
140 place such premiums under the cafeteria plan of their agency,
141 department or institution. Funds from such premiums shall be
142 deposited directly into a depository bank or special fund in the
143 State Treasury, as determined by the department. The board may
144 establish and enforce late charges and interest penalties or other
145 penalties for the purpose of requiring the prompt payment of all
146 premiums for long-term care insurance permitted under this act.
147 The State Treasurer shall invest all funds in the fund and all
148 interest earned shall be credited to the fund. Such funds shall
149 be placed with one or more depositories of the state and invested
150 on the first day such funds are available for investment in
151 certificates of deposit, repurchase agreements or in United States
152 Treasury bills or as otherwise authorized by law for the
153 investment of Public Employees' Retirement System funds, as long
154 as such investment is made from competitive offering and at the
155 highest and best market rate obtainable consistent with any
156 available investment alternatives; however, such investments shall
157 not be made in shares of stock, common or preferred, or in any
158 other investments which would mature more than one (1) year from
159 the date of investment. The board shall have the authority to
160 draw from this fund periodically such funds as are necessary to
161 pay to the insurance carrier the cost of operation of this plan.
162 The state shall not share in the cost of long-term care coverage
163 for state and school employees.

164 Any retired employee electing to purchase long-term care
165 insurance may have the full cost of such insurance deducted
166 monthly from his State of Mississippi retirement plan check or
167 billed directly for the cost of the premium.

168 SECTION 7. This act shall take effect and be in force from

169 and after July 1, 1999.