

By: Senator(s) Little

To: Education;  
Appropriations

SENATE BILL NO. 2166

1 AN ACT TO AMEND SECTIONS 25-15-251 THROUGH 25-15-255,  
2 25-15-256 AND 25-15-259 THROUGH 25-15-263, MISSISSIPPI CODE OF  
3 1972, TO AUTHORIZE GROUP TERM LIFE INSURANCE BENEFITS AS AN OPTION  
4 FOR EMPLOYEES PARTICIPATING IN THE PUBLIC SCHOOL EMPLOYEES HEALTH  
5 INSURANCE PLAN, TO PRESCRIBE A SCHEDULE OF SUCH LIFE INSURANCE  
6 BENEFITS AND TO DESIGNATE THE PLAN AS THE PUBLIC SCHOOL EMPLOYEES  
7 LIFE AND HEALTH INSURANCE PLAN; AND FOR RELATED PURPOSES.

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

9 SECTION 1. Section 25-15-251, Mississippi Code of 1972, is  
10 amended as follows:

11 25-15-251. For the purposes of this article, the words and  
12 phrases used herein shall have the following meanings:

13 (a) "Employee" means a person who works full time for  
14 any school district, community/junior college, public library or  
15 university-based program authorized under Section 37-23-31 for  
16 deaf, aphasic and emotionally disturbed children, or any regular  
17 nonstudent school bus driver.

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

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

22 (d) "Retiree" means any retired employee as defined in  
23 this section who is enrolled on April 12, 1991, in a group health  
24 insurance plan offered by the individual school district or  
25 community/junior college district, and those active employees who  
26 may subsequently retire from employment after April 12, 1991.

27 SECTION 2. Section 25-15-253, Mississippi Code of 1972, is  
28 amended as follows:

29 25-15-253. The Department of Finance and Administration is

30 empowered and authorized to administer the Public School Employees  
31 Life and Health Insurance Plan for employees as defined in Section  
32 25-15-251 and to adopt and promulgate rules and regulations for  
33 its administration, subject to the terms and limitations contained  
34 in this article. The department shall employ, subject to the  
35 rules and regulations of the State Personnel Board, such personnel  
36 as may be needed to carry out the provisions of this article.

37 SECTION 3. Section 25-15-255, Mississippi Code of 1972, is  
38 amended as follows:

39 25-15-255. (1) (a) The Department of Finance and  
40 Administration shall design a plan of health insurance for  
41 employees which provides benefits for semiprivate rooms in  
42 addition to other incidental coverages which the department deems  
43 necessary.

44 The amount of the coverages shall be in such reasonable  
45 amount as may be determined by the department to be adequate,  
46 after due consideration of current health costs in Mississippi.  
47 The plan shall also include major medical benefits in such amounts  
48 as the department shall determine. The department is also  
49 authorized to accept bids for alternate coverage and optional  
50 benefits. Any contract for alternative coverage and optional  
51 benefits shall be awarded by the department after it has carefully  
52 studied and evaluated the bids and selected the best and most  
53 cost-effective bid. The department may reject all such bids;  
54 however, the department shall notify all bidders of the rejection  
55 and shall actively solicit new bids if all bids are rejected.

56 It is the intent of the Legislature that coverage under this  
57 plan may be self-insured by the State of Mississippi and the same  
58 as coverage provided state employees under the Public Employees  
59 Health Insurance Plan created in Section 25-15-3 et seq. The  
60 department may contract the administration and service of the  
61 self-insured program to a third party; however, before executing  
62 any contract, the department shall actively solicit bids for the  
63 administration and service of the program.

64           The department shall conduct the solicitation and contracting  
65 process in strict accordance with Section 1, Ch. 554, Laws of  
66 1995; [See Editor's note to Sections 25-15-5 and 25-15-225].

67           Beginning on January 1, 1996, any contract entered into  
68 between the department for the administration and/or service of  
69 the self-insured plan and a third party shall be for the calendar  
70 year that begins on the first day of January and expires on the  
71 following thirty-first day of December.

72           The department may employ or contract for such consulting or  
73 actuarial services as may be necessary to formulate the Public  
74 School Employees Life and Health Insurance Plan, and to assist the  
75 department in the preparation of specifications and in the process  
76 of advertising for the bids for the plan. Such contracts shall be  
77 solicited and entered into in accordance with Section 25-15-5.  
78 The department shall keep a record of all persons, agents and  
79 corporations who contract with or assist the department in  
80 preparing and developing the plan. The department, in a timely  
81 manner, shall provide copies of this record to the members of the  
82 advisory council created in paragraph (b) of this subsection and  
83 those legislators, or their designees, who may attend meetings of  
84 the advisory council. The department shall provide copies of this  
85 record in the solicitation of bids for the administration and  
86 servicing of the self-insured program. Each person, agent or  
87 corporation which, during the previous fiscal year, has assisted  
88 in the development of the plan or employed or compensated any  
89 person who assisted in the development of the plan, and which bids  
90 on the administration or servicing of the plan, shall submit to  
91 the department a statement accompanying the bid explaining in  
92 detail its participation with the development of the plan. This  
93 statement shall include the amount of compensation paid by the  
94 bidder to any such employee during the previous fiscal year. The  
95 department shall make all such information available to the  
96 members of the advisory council and those legislators, or their  
97 designees, who may attend meetings of the advisory council before

98 any action is taken by the department on the bids submitted. The  
99 failure of any bidder to fully and accurately comply with this  
100 paragraph shall result in the rejection of any bid submitted by  
101 that bidder or the cancellation of any contract executed when the  
102 failure is discovered after the acceptance of that bid.

103 The department is authorized to promulgate rules and  
104 regulations to implement the provisions of this subsection. After  
105 expiration or termination of the contract between the state and  
106 the administering corporation existing immediately before the date  
107 on which the plan becomes self-insured by the State of  
108 Mississippi, the remainder of funds in the Premium Stabilization  
109 Fund shall revert to the Public School Employees Insurance Fund  
110 and shall be used exclusively for payment of future premiums.

111 Any corporation, association, company or individual that  
112 contracts with the department for the third-party claims  
113 administration of the self-insured plan shall prepare and keep on  
114 file an explanation of benefits for each claim processed. The  
115 explanation of benefits shall contain such information relative to  
116 each processed claim which the department deems necessary, and at  
117 a minimum, each explanation shall provide the claimant's name,  
118 claim number, provider number, provider name, service dates, type  
119 of services, amount of charges, amount allowed to the claimant and  
120 reason codes.

121 The information contained in the explanation of benefits  
122 shall be available for inspection upon request by the department.  
123 The department shall have access to all claims information  
124 utilized in the issuance of payments to employees and providers.  
125 Any corporation, association, company or individual that contracts  
126 with the department for the administration and/or service of the  
127 self-insured plan shall remit one hundred percent (100%) of all  
128 savings or discounts resulting from any contract to the department  
129 and/or participant. Any corporation, association, company or  
130 individual that contracts with the department for the  
131 administration and/or service of the self-insured plan shall

132 allow, upon notice by the department, the department or its  
133 designee to audit records of the corporation, association, company  
134 or individual relative to the corporation, association, company or  
135 individual's performance under any contract with the department.  
136 The information maintained by any corporation, association,  
137 company or individual, relating to such contracts, shall be  
138 available for inspection upon request by the department and such  
139 information shall be compiled in a manner that will provide a  
140 clear audit trail.

141 (b) There is created an advisory council to the  
142 department to advise the department in the formulation of the  
143 Public School Employees Life and Health Insurance Plan. The  
144 advisory council and those legislators, or their designees,  
145 authorized to attend meetings of the advisory council pursuant to  
146 this subsection shall be informed in a timely manner concerning  
147 each aspect of the formulation and development of the plan. No  
148 change in the terms of the Public School Employees Life and Health  
149 Insurance Plan may be made effective unless the Executive Director  
150 of the Department of Finance and Administration, or his designee,  
151 has provided notice to the Public School Employees Life and Health  
152 Insurance Advisory Council and has called a meeting of the council  
153 at least fifteen (15) days before the effective date of such  
154 change. In the event that the Public School Employees Life and  
155 Health Insurance Advisory Council does not meet to advise the  
156 department on the proposed changes, the changes to the plan shall  
157 become effective at such times as the department has informed the  
158 council that the changes shall become effective.

159 The council shall be composed of the State Insurance  
160 Commissioner or his designee, two (2) certificated public school  
161 administrators appointed by the State Board of Education, two (2)  
162 certificated classroom teachers appointed by the State Board of  
163 Education, a noncertificated school employee appointed by the  
164 State Board of Education, and a community/junior college employee  
165 appointed by the State Board for Community and Junior Colleges.

166 Members of the council shall serve at the will and pleasure of the  
167 appointing authorities; however, no member shall serve for a  
168 period of less than one (1) year. The members of the council  
169 shall serve without compensation, per diem or expense  
170 reimbursement.

171 The Chairman of the Senate Insurance Committee, the Chairman  
172 of the Senate Education Committee, the Chairman of the House of  
173 Representatives Insurance Committee and the Chairman of the House  
174 of Representatives Education Committee, and/or their designees  
175 from their respective houses, may attend any meeting of the  
176 advisory council. The legislators, or their designees, shall have  
177 no jurisdiction or vote on any matter within the jurisdiction of  
178 the council. For attending meetings of the council, the  
179 legislators shall receive per diem and expenses which shall be  
180 paid from the contingent expense funds of their respective houses  
181 in the same amounts as provided for committee meetings when the  
182 Legislature is not in session; however, no per diem and expenses  
183 for attending meetings of the council will be paid while the  
184 Legislature is in session. No per diem and expenses will be paid  
185 except for attending meetings of the council without prior  
186 approval of the proper committee in their respective houses.

187 (c) **Medical benefits for retired employees and**  
188 **dependents under age sixty-five (65) years.** The same health  
189 insurance coverage as for all other active employees and their  
190 dependents shall be available to retired employees and all  
191 dependents under age sixty-five (65) years, the level of benefits  
192 to be the same level as for all other active participants. This  
193 section will apply to those employees who retire due to one  
194 hundred percent (100%) medical disability as well as those  
195 employees electing early retirement.

196 (d) **Medical benefits for retired employees over age**  
197 **sixty-five (65).** The health insurance coverage available to  
198 retired employees over age sixty-five (65) years, and all  
199 dependents over age sixty-five (65) years, shall be the major

200 medical coverage with the lifetime maximum of One Million Dollars  
201 (\$1,000,000.00). Benefits shall be reduced by Medicare benefits  
202 as though such Medicare benefits were the base plan.

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

207 (2) **Schedule of life insurance benefits - group term.** The  
208 amount of term life insurance for each active employee shall not  
209 be in excess of One Hundred Thousand Dollars (\$100,000.00), or  
210 twice the amount of the employee's annual wage to the next highest  
211 One Thousand Dollars (\$1,000.00), whichever may be less, but in no  
212 case less than Thirty Thousand Dollars (\$30,000.00), with a like  
213 amount for accidental death and dismemberment on a 24-hour basis.  
214 The plan will further contain a premium waiver provision if a  
215 covered employee becomes totally and permanently disabled prior to  
216 age sixty-five (65) years. Retired employees shall be eligible to  
217 continue life insurance coverage in an amount of Two Thousand  
218 Dollars (\$2,000.00), Four Thousand Dollars (\$4,000.00) or Ten  
219 Thousand Dollars (\$10,000.00) into retirement.

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

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

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

232 (4) The department is hereby authorized to determine the  
233 manner in which premiums and contributions by the state and local

234 school districts shall be collected to provide the self-insured  
235 health insurance program for school employees and community/junior  
236 college employees as provided under this article.

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

243       (6) Any participant of the State Employees Life and Health  
244 Insurance Plan who otherwise would lose coverage and who would be  
245 eligible as a dependent under an existing Public School Employees  
246 Life and Health Insurance Plan contract may transfer to the Public  
247 School Employees Life and Health Insurance Plan as a dependent  
248 under the existing contract. Any participant of the Public School  
249 Employees Life and Health Insurance Plan who otherwise would lose  
250 coverage and who would be eligible as a dependent under an  
251 existing State Employees Life and Health Insurance Plan contract  
252 may transfer to the State Employees Life and Health Insurance Plan  
253 as a dependent under the existing contract. A transfer pursuant  
254 to this subsection must occur within thirty-one (31) days of  
255 losing coverage. Credit shall be given for any deductible amount  
256 satisfied, out-of-pocket expenses and time served toward the  
257 twelve-month pre-existing waiting period.

258       (7) The Department of Finance and Administration shall  
259 annually report to the Joint Legislative Budget Committee the  
260 condition of the Public School Employees Life and Health Insurance  
261 Plan. Such report shall contain, but not be limited to, a report  
262 of the plan's financial condition at the close of the most recent  
263 complete calendar year. The report shall also include all  
264 recommendations made to the department by consultants regarding  
265 the plan and its administration, including a complete departmental  
266 response to each recommendation. The department shall also list  
267 the history of yearly claims paid and premiums received for each

268 employee subgroup, including, but not limited to, active  
269 employees, dependents and retirees and shall also publish the loss  
270 ratios for these subgroups. For purposes of this subsection, the  
271 term "loss ratios" shall mean claims paid by the plan for each  
272 subgroup divided by premiums received by the plan for the  
273 insurance coverage of the members in that subgroup. Any plan  
274 revisions made during the previous year shall also be listed in  
275 the report and fully described in the report. The department  
276 shall also provide the Joint Legislative Budget Committee with a  
277 monthly statement of plan utilization.

278 In addition to the information provided for herein, the  
279 department shall provide to the Joint Legislative Budget Committee  
280 budgetary information on the Public School Employees Life and  
281 Health Insurance Plan. All information shall be provided to the  
282 Joint Legislative Budget Committee in a format designated by the  
283 committee. The information shall be provided in September of each  
284 year, and at such times throughout the year as the committee deems  
285 necessary. The information shall include, but not be limited to:

286 (a) A detailed breakdown of all expenditures of the  
287 plan, administrative and otherwise, for the most recently  
288 completed fiscal year and projected expenditures for the current  
289 fiscal year;

290 (b) A schedule of all contracts, administrative and  
291 otherwise, executed for the benefit of the plan during the most  
292 recent completed fiscal year, and those executed and anticipated  
293 for the current fiscal year;

294 (c) Anticipated plan expenditures, administrative and  
295 otherwise, for the next fiscal year.

296 The department shall also provide to the Joint Legislative  
297 Committee on Performance Evaluation and Expenditure Review (PEER)  
298 all information described in paragraph (b) in this subsection.  
299 The PEER Committee shall prepare a report by January 1 of each  
300 year on all contractors utilized by the department for the health  
301 plans, excluding the third-party administrator contract. The

302 committee's report shall address the processes by which the  
303 department procured the contractors, the contractors' work  
304 products and contract expenditures. The review provided for  
305 herein shall be supplemental to the review provided for in Section  
306 1, Ch. 554, Laws of 1995; [See Editor's note to Sections 25-15-5  
307 and 25-15-225].

308       (8) (a) The department may offer medical savings accounts  
309 as defined in Section 71-9-3 as a plan option. Provided, however,  
310 that prior to offering such accounts as a plan option, the  
311 Department of Finance and Administration shall prepare and present  
312 to the Legislature by December 15, 1996, a comprehensive study of  
313 medical savings accounts to include a proposed implementation  
314 timetable and potential actuarial effects of such accounts on the  
315 existing public school employees' health plan. The department's  
316 study shall also include, but not be limited to, recommended  
317 employer contribution levels, recommended employee contribution  
318 levels, recommendations on annual rollover of balances or  
319 withdrawals for nonmedical purposes, and, recommendations on  
320 medical coverage for persons who expend their account balances.  
321 The department shall use existing staff resources and those of  
322 other agencies to conduct this study. In no case shall the  
323 department employ a consultant or contractor other than an actuary  
324 to conduct this study. No later than July 15, 1996, the  
325 Department of Finance and Administration shall meet with the staff  
326 of the PEER Committee and the Legislative Budget Office to receive  
327 recommendations on the issues and methods which the department  
328 shall consider in preparing its report. No later than October 15,  
329 1996, the Department of Finance and Administration shall submit a  
330 copy of its draft report to the PEER Committee and the Legislative  
331 Budget Office which shall analyze the report and prepare comments  
332 for publication in the final report to be submitted to the House  
333 and Senate Insurance Committees on December 15, 1996.

334       (b) In no case shall the department offer medical  
335 savings accounts as an option to health plan participants prior to

336 January 1, 1998.

337 SECTION 4. Section 25-15-256, Mississippi Code of 1972, is  
338 amended as follows:

339 25-15-256. The state shall provide annually, by line item in  
340 the Mississippi Library Commission appropriation bill, such funds  
341 to pay fifty percent (50%) of the cost of the above life insurance  
342 policy and one hundred percent (100%) of the cost of insurance  
343 under the Public School Employees Life and Health Insurance Plan  
344 created under Article 7, Chapter 15, Title 25, Mississippi Code of  
345 1972, for all full-time library staff members in each public  
346 library in Mississippi. The commission shall allot to each public  
347 library a sufficient amount of those funds appropriated to pay the  
348 costs of insurance for eligible employees. Any funds so  
349 appropriated by line item which are not expended during the fiscal  
350 year for which such funds were appropriated shall be carried  
351 forward for the same purposes during the next succeeding fiscal  
352 year. If any premiums for life and health insurance and/or late  
353 charges and interest penalties are not paid by a public library in  
354 a timely manner, as defined by the department, the Mississippi  
355 Library Commission, upon notice by the department, shall  
356 immediately withhold all subsequent disbursements of funds to that  
357 public library.

358 Any local contribution to the cost of insurance paid by a  
359 public library for eligible employees during the fiscal year  
360 immediately preceding July 1, 1994, shall be converted into salary  
361 supplements or fringe benefits distributed among all full-time  
362 employees of the library.

363 SECTION 5. Section 25-15-259, Mississippi Code of 1972, is  
364 amended as follows:

365 25-15-259. The department is hereby authorized to execute a  
366 contract or contracts to provide the benefits under the plan.  
367 Such contract or contracts may be executed with one or more  
368 corporations or associations licensed to transact life, accident  
369 and health insurance business in this state, provided, however,

370 that no such contract shall be executed with any corporation,  
371 association, or company domiciled in any other state except that  
372 such corporation, association or company shall meet the conditions  
373 and terms for a like contract established by the state of the  
374 domicile of such corporation, association or company for a  
375 Mississippi corporation, association or company. No corporation,  
376 association or company with less than five (5) years' experience  
377 in the health field may bid. All of the benefits to be provided  
378 under the plan may be included in one or more similar contracts,  
379 or the benefits may be classified into different types with each  
380 type included under one or more similar contracts issued by the  
381 same or different companies.

382 The department shall supply the statistical information upon  
383 which a quotation is to be calculated, upon request, to all  
384 carriers licensed in the state. Bids may be accepted at the  
385 discretion of the department, and the department shall have the  
386 right to adjust rates on an annual basis if the department shall  
387 deem such adjustment necessary. The plan shall be on retention  
388 accounting basis. Any additional written information the carrier  
389 wishes to submit, supporting the proposed benefits and premium  
390 rate, may accompany the proposal. Within thirty (30) days after  
391 receiving the proposals, the department shall determine whether to  
392 contract with the carrier which has been determined to have  
393 submitted the lowest and best bid, or to reject all such bids and  
394 receive new proposals.

395 Said department shall authorize any corporation licensed to  
396 transact life, accident and health insurance business in this  
397 state issuing any such contract to reinsure portions of such  
398 contract with any other such corporation which elected to be a  
399 reinsurer and is legally competent to enter into a reinsurance  
400 agreement. The department may designate one or more of such  
401 corporations as the administering corporation or corporations.  
402 Each employee who is covered under any such contract or contracts  
403 shall receive a certificate setting forth the benefits to which

404 the employee is entitled thereunder, to whom such benefits shall  
405 be payable, to whom claims should be submitted, and summarizing  
406 the provisions of the contract principally affecting the employee.  
407 Such certificate shall be in lieu of the certificate which the  
408 corporation or corporations issuing such contract or contracts  
409 would otherwise issue.

410 The initial contract with the administering corporation may  
411 not exceed a three-year period from and after the date of passage  
412 of this article [Laws, 1991, Ch. 558, eff April 12, 1991], and any  
413 premium rate increases during the initial contract period shall  
414 not become effective unless approved by the Department of Finance  
415 and Administration. Thereafter, the department may enter into a  
416 contractual agreement with an underwriter only on an annual basis,  
417 or extend the original agreement on an annual basis for no more  
418 than three (3) additional years.

419 SECTION 6. Section 25-15-261, Mississippi Code of 1972, is  
420 amended as follows:

421 25-15-261. (1) Each eligible employee may participate in  
422 the program by signing up for the plan at the time of employment.  
423 Each eligible employee who declines coverage under the plan must  
424 sign a waiver of coverage. After acceptance in the plan, the  
425 employee may cease his or her participation by filing a specific  
426 disclaimer with the department. Forms for this purpose shall be  
427 prescribed and issued by the department. All eligible employees  
428 will be eligible to participate in this self-insured plan on the  
429 effective date of the plan or on the date on which they are  
430 employed by the school district, if later, provided they make any  
431 necessary contributions as set out hereunder. Prior to the  
432 initial enrollment cutoff date for the plan, all participating  
433 employees who are currently covered under the Public School  
434 Employees Life and Health Insurance Plan or under a group health  
435 plan sponsored by any participating school district or  
436 community/junior college district shall be eligible for full  
437 benefits under this plan on the first day of his or her

438 participation regardless of any preexisting health condition or  
439 injury. All other participating employees shall have coverage of  
440 preexisting illness within one (1) year after enrollment in the  
441 plan. Spouses of employees, unmarried dependent children from  
442 birth to age nineteen (19) years, unmarried dependent children who  
443 are full-time students up to age twenty-three (23) years, and  
444 physically or mentally handicapped children, regardless of age,  
445 are eligible under this plan as of the date the employee becomes  
446 eligible.

447 If both spouses are eligible employees who participate in the  
448 plan, the benefits shall apply individually to each spouse by  
449 virtue of his or her participation in the plan. If those spouses  
450 also have one or more eligible dependents participating in the  
451 plan, the cost of their dependents shall be calculated at a  
452 special family plan rate. The cost for participation by the  
453 dependents shall be paid by the spouse who elects to carry such  
454 dependents under his or her coverage. The special family plan  
455 rate shall apply also if the public school, community/junior  
456 college district or public library employee's spouse is a covered  
457 eligible employee under the State Employees Life and Health  
458 Insurance Plan.

459 (2) The state shall annually provide fifty percent (50%) of  
460 the above life insurance plan and one hundred percent (100%) of  
461 the cost of the above insurance plan for all district employees  
462 who work no less than twenty (20) hours during each week and  
463 regular nonstudent school bus drivers. Where federal funding is  
464 allowable to defray, in full or in part, the cost of participation  
465 in the program by district employees who work no less than twenty  
466 (20) hours during each week and regular nonstudent school bus  
467 drivers, whose salaries are paid, in full or in part, by federal  
468 funds, the allowance under this section shall be reduced to the  
469 extent of such federal funding. Where the use of federal funds is  
470 allowable but not available, it is the intent of the Legislature  
471 that school districts contribute the cost of participation for

472 such employees from local funds, except that parent fees for child  
473 nutrition programs shall not be increased to cover such cost.

474 Any local contribution to the cost of insurance paid by the  
475 school district during the fiscal year immediately preceding July  
476 1, 1994, shall be converted into salary supplements or fringe  
477 benefits in that school district for certificated employees and  
478 teacher assistants. Any local contribution to the cost of  
479 insurance paid by the school district for noncertificated  
480 employees during the fiscal year immediately preceding July 1,  
481 1994, shall be converted into salary supplements or fringe  
482 benefits in that school district.

483 (3) The state shall provide annually, by line item in the  
484 community/junior college appropriation bill, such funds to pay  
485 fifty percent (50%) of the cost of the above life insurance plan  
486 and one hundred percent (100%) of the cost of the plan for all  
487 community/junior college district employees who work no less than  
488 twenty (20) hours during each week.

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

499 Any community/junior college district may contribute to the  
500 cost of coverage for any district employee from local  
501 community/junior college district funds, and any public school  
502 district may contribute to the cost of coverage for any district  
503 employee from nonminimum program funds. Any part of the cost of  
504 such coverage for participating employees of public school  
505 districts and public community/junior college districts that is

506 not paid by the state or by the districts shall be paid by the  
507 participating employees, which shall be deducted from the salaries  
508 of the employees in a manner determined by the department.

509 Any funds appropriated for the cost of insurance by line item  
510 in the community/junior colleges appropriation bill which are not  
511 expended during the fiscal year for which such funds were  
512 appropriated shall be carried forward for the same purposes during  
513 the next succeeding fiscal year.

514 Any local contribution to the cost of insurance paid by a  
515 community/junior college district for eligible employees during  
516 the fiscal year immediately preceding July 1, 1994, shall be  
517 converted into salary supplements or fringe benefits distributed  
518 among all full-time employees of the district.

519 (4) The state shall not share in the cost of coverage for  
520 retired employees. Any retired employee electing to purchase  
521 retired health insurance will have the full cost of such insurance  
522 deducted monthly from his State of Mississippi retirement plan  
523 check or directly billed to him. If the department determines  
524 actuarially that the premium paid by the participating retirees  
525 adversely affects the overall cost of the plan to the state, then  
526 the department may impose a premium surcharge, not to exceed  
527 fifteen percent (15%), upon such participating retired employees  
528 who are under the age for Medicare eligibility.

529 SECTION 7. Section 25-15-263, Mississippi Code of 1972, is  
530 amended as follows:

531 25-15-263. (1) The Department of Finance and Administration  
532 has the authority to establish and enforce late charges and  
533 interest penalties or other penalties for the purpose of requiring  
534 the prompt payment of all premiums for life and health insurance  
535 permitted under this article. If any premiums for life and health  
536 insurance and/or late charges and interest penalties are not paid  
537 by a school district in a timely manner, as defined by the  
538 department, the Department of Education shall withhold minimum  
539 program payments to that district in accordance with Section

540 37-19-34. If any premiums for life and health insurance and/or  
541 late charges and interest penalties are not paid by a  
542 community/junior college in a timely manner, as defined by the  
543 department, the Mississippi Board for Community and Junior  
544 Colleges, upon notice by the department, shall immediately  
545 withhold all subsequent disbursement of funds. If any premiums  
546 for life and health insurance and/or late charges and interest  
547 penalties are not paid by a public library system in a timely  
548 manner, as defined by the department, the Mississippi Library  
549 Commission, upon notice by the department, shall immediately  
550 withhold all subsequent disbursements of funds.

551 (2) School districts, community/junior colleges and public  
552 libraries shall remit to the department those premiums for  
553 employees whose cost of the insurance plan is paid in full by the  
554 state, by the school district, community/junior college or public  
555 library, in full or in part, or by the employee whose premium is  
556 deductible from the employee's salary for dependent coverage or  
557 employee coverage.

558 (3) All premiums remitted to the department shall be  
559 deposited directly into a depository bank or a special fund in the  
560 State Treasury, as determined by the department. Funds maintained  
561 in a depository bank or in the State Treasury and interest earned  
562 on these funds may be used for the disbursement of claims and  
563 shall be exempt from the appropriation process. All funds in  
564 excess of the amount needed for disbursement of claims shall be  
565 deposited into a special fund in the State Treasury to be known as  
566 the Public School Employees Insurance Fund. The State Treasurer  
567 shall invest all funds in the Public School Employees Insurance  
568 Fund and all interest earned shall be credited to the Public  
569 School Employees Insurance Fund. Such funds shall be placed with  
570 one or more depositories of the state and invested on the first  
571 day such funds are available for investment in certificates of  
572 deposit, repurchase agreements or in United States Treasury bills  
573 or as otherwise authorized by law for the investment of Public

574 Employees' Retirement System funds, as long as such investment is  
575 made from competitive offering and at the highest and best market  
576 rate obtainable consistent with any available investment  
577 alternatives; provided, however, that such investments shall not  
578 be made in shares of stock, common or preferred, or in any other  
579 investments which would mature more than one (1) year from the  
580 date of investment. The department shall have authority to draw  
581 from this fund periodically such funds as are necessary to operate  
582 the self-insurance plan or to pay to the insurance carrier the  
583 cost of operation of this plan.

584 (4) The department shall create a Public School Health  
585 Insurance Reserve Fund, and funds therein shall be invested by the  
586 State Treasurer with all interest earned credited to the Public  
587 School Employees Insurance Fund.

588 SECTION 8. This act shall take effect and be in force from  
589 and after July 1, 1999.