

**\*\*\*Pending\*\*\***

**AMENDMENT No. 1 PROPOSED TO**

**House Bill NO. 726**

**By Senator(s) Committee**

**Amend by striking all after the enacting clause and inserting  
in lieu thereof the following:**

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

30 25-15-3. For the purposes of this article, the words and  
31 phrases used herein shall have the following meanings:

32 (a) "Employee" means a person who works full time for  
33 the State of Mississippi and receives his compensation in a direct  
34 payment from a department, agency or institution of the state  
35 government and any person who works full time for any school  
36 district, community/junior college, public library or  
37 university-based program authorized under Section 37-23-31 for  
38 deaf, aphasic and emotionally disturbed children or any regular  
39 nonstudent bus driver. This shall include legislators, employees  
40 of the legislative branch and the judicial branch of the state and  
41 "employees" shall include full-time salaried judges and full-time  
42 district attorneys and their staff and full-time compulsory school  
43 attendance officers. For the purposes of this article, any  
44 "employee" making contributions to the State of Mississippi  
45 retirement plan shall be considered a full-time employee.

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

48 (c) "Plan" means the State and School Employees Life

49 and Health Insurance Plan created under this article.

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

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

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

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

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

62 \* \* \*

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

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

68 (b) Alternative service delivery systems.

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

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

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

77 \* \* \*

78 (4) After the board has complied with all provisions of  
79 Section 25-15-9 \* \* \* regarding the establishment of the plan, it  
80 shall be responsible for fully disclosing to plan members the  
81 provisions of the plan. Such disclosure shall consist of the

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82 dissemination of educational material on the plan and any proposed  
83 changes thereto. The board shall provide members with complete  
84 educational materials at least thirty (30) days before the date  
85 upon which the plan's members must select a plan option for health  
86 care services. The board shall further use the resources of the  
87 Mississippi Authority for Educational Television or other state  
88 agency, university or college to provide information on proposed  
89 changes. The board may also use other state-owned media, as well  
90 as public service announcements on private media to disseminate  
91 information regarding proposed changes in the plan.

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

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

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

107 (c) If the service is to be rendered for a period of in  
108 excess of six (6) months, the board shall seek and obtain bids for  
109 the service in a manner identical to that provided for in Section  
110 25-15-301, subsection (1)(a) and (b) except for those provisions  
111 which specifically state criteria which are applicable only to  
112 third-party administrators contracted with in accordance with  
113 Section 25-15-3 et seq.

114 (d) The board is also authorized to procure legal

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115 services if it deems these services to be necessary to carry out  
116 its responsibilities under Section 25-15-3 et seq.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

270 benefits--group term: The amount of term life insurance for each  
271 active employee shall not be in excess of One Hundred Fifty  
272 Thousand Dollars (\$150,000.00), or four times the amount of the  
273 employee's annual wage to the next highest One Thousand Dollars  
274 (\$1,000.00), whichever may be less, but in no case less than Fifty  
275 Thousand Dollars (\$50,000.00), with a like amount for accidental  
276 death and dismemberment on a twenty-four-hour basis. The plan  
277 will further contain a premium waiver provision if a covered  
278 employee becomes totally and permanently disabled prior to age  
279 sixty-five (65) years. \* \* \* Employees retiring after June 30,

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280 1999, shall be eligible to continue life insurance coverage in an  
281 amount of Ten Thousand Dollars (\$10,000.00), Twenty Thousand  
282 Dollars (\$20,000.00) or Fifty Thousand Dollars (\$50,000.00) into  
283 retirement. \* \* \*

284 (4) Any eligible employee who on March 1, 1971, was  
285 participating in a group life insurance program which has  
286 provisions different from those included herein and for which the  
287 State of Mississippi was paying a part of the premium may, at his  
288 discretion, continue to participate in such plan. Such employee  
289 shall pay in full all additional costs, if any, above the minimum  
290 program established by this article. Under no circumstances shall  
291 any individual who begins employment with the state after March 1,  
292 1971, be eligible for the provisions of this paragraph.

293 \* \* \*

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

296 \* \* \*

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

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

305 25-15-11. (1) The board is authorized to execute a contract  
306 or contracts to provide the benefits under the plan. Such  
307 contract or contracts may be executed with one or more  
308 corporations or associations licensed to transact life and  
309 accident and health insurance business in this state; however, no  
310 such contract shall be executed with any corporation, association  
311 or company domiciled in any other state except that such  
312 corporation, association or company shall meet the conditions and

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313 terms for a like contract established by the state of the domicile  
314 of such corporation, association or company for a Mississippi  
315 corporation, association or company. No corporation, association  
316 or company with less than five (5) years' experience in the life  
317 and health field may bid. All of the benefits to be provided  
318 under the plan may be included in one or more similar contracts,  
319 or the benefits may be classified into different types with each  
320 type included under one or more similar contracts issued by the  
321 same or different companies.

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

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

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

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346 the contract principally affecting the employee. Such certificate  
347 shall be in lieu of the certificate which the corporation or  
348 corporations issuing such contract or contracts would otherwise  
349 issue.

350 The board may, as of the end of any contract year,  
351 discontinue any contract or contracts it has executed with any  
352 corporation or corporations and replace it or them with a contract  
353 or contracts in any other corporation or corporations meeting the  
354 requirements of this section.

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

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

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

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

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

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

379 insurance coverage of the members in that premium class.

380 (d) Budgetary information, including:

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

385 (ii) A schedule of all contracts, administrative  
386 and otherwise, executed for the benefit of the plan during the  
387 most recent completed fiscal year and those executed and  
388 anticipated for the current fiscal year; and

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

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

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

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

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

408 25-15-13. Each eligible employee may participate in the  
409 plan by signing up for the plan at the time of employment. Each  
410 eligible employee who declines coverage under the plan must sign a  
411 waiver of coverage. After acceptance in the plan, the employee

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412 may cease his or her participation by filing a specific disclaimer  
413 with the board. Forms for this purpose shall be prescribed and  
414 issued by the board. All eligible employees will be eligible to  
415 participate in the plan on the effective date of the plan or on  
416 the date on which they are employed by the state, whichever is  
417 later, provided they make the necessary contributions as provided  
418 in this article. Spouses of employees, unmarried dependent  
419 children from birth to age nineteen (19) years, unmarried  
420 dependent children who are full-time students up to age  
421 twenty-five (25) years, and physically or mentally handicapped  
422 children, regardless of age, are eligible under the plan as of the  
423 date the employee becomes eligible. If both spouses are eligible  
424 employees who participate in the plan, the benefits shall apply  
425 individually to each spouse by virtue of his or her participation  
426 in the plan. If those spouses also have one or more eligible  
427 dependents participating in the plan, the cost of their dependents  
428 shall be calculated at a special family plan rate. The cost for  
429 participation by the dependents shall be paid by the spouse who  
430 elects to carry such dependents under his or her coverage.

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

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

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

441 25-15-15. (1) The board is authorized to determine the  
442 manner in which premiums and contributions by the state agencies,  
443 local school districts, colleges, universities, community/junior  
444 colleges and public libraries shall be collected to provide the

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445 self-insured health insurance program for employees as provided  
446 under this article. The state shall provide fifty percent (50%)  
447 of the cost of the above life insurance plan and one hundred  
448 percent (100%) of the cost of the above health insurance plan for  
449 all active full-time employees, and the employees shall be given  
450 the opportunity to purchase coverage for their eligible dependents  
451 with the premiums for such dependent coverage as well as the  
452 employee's fifty percent (50%) share for his life insurance  
453 coverage to be deductible from the employee's salary by the  
454 agency, department or institution head, which deductions, together  
455 with the fifty percent (50%) share of such life insurance premiums  
456 of such employing agency, department or institution head from  
457 funds appropriated to or authorized to be expended by such  
458 employing agency, department or institution head, shall be  
459 deposited directly into a depository bank or special fund in the  
460 State Treasury, as determined by the board. These funds and  
461 interest earned on these funds may be used for the disbursement of  
462 claims and shall be exempt from the appropriation process.

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

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478 disbursements of funds to that public library.

479 (3) The state shall annually provide one hundred percent  
480 (100%) of the cost of the health insurance plan for all public  
481 school district employees who work no less than twenty (20) hours  
482 during each week and regular nonstudent school bus drivers. Where  
483 federal funding is allowable to defray, in full or in part, the  
484 cost of participation in the program by district employees who  
485 work no less than twenty (20) hours during the week and regular  
486 nonstudent bus drivers, whose salaries are paid, in full or in  
487 part, by federal funds, the allowance under this section shall be  
488 reduced to the extent of such federal funding. Where the use of  
489 federal funds is allowable but not available, it is the intent of  
490 the Legislature that school districts contribute the cost of  
491 participation for such employees from local funds, except that  
492 parent fees for child nutrition programs shall not be increased to  
493 cover such cost.

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

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

509 (6) Any community/junior college district may contribute to  
510 the cost of coverage for any district employee from local

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

519 (7) Any funds appropriated for the cost of insurance by line  
520 item in the community/junior colleges appropriation bill which are  
521 not expended during the fiscal year for which such funds were  
522 appropriated shall be carried forward for the same purposes during  
523 the next succeeding fiscal year.

524 (8) The board may establish and enforce late charges and  
525 interest penalties or other penalties for the purpose of requiring  
526 the prompt payment of all premiums for life and health insurance  
527 permitted under Chapter 15 of Title 25. All funds in excess of  
528 the amount needed for disbursement of claims shall be deposited in  
529 a special fund in the State Treasury to be known as the State and  
530 School Employees Insurance Fund. The State Treasurer shall invest  
531 all funds in the State and School Employees Insurance Fund and all  
532 interest earned shall be credited to the State and School  
533 Employees Insurance Fund. Such funds shall be placed with one or  
534 more depositories of the state and invested on the first day such  
535 funds are available for investment in certificates of deposit,  
536 repurchase agreements or in United States Treasury bills or as  
537 otherwise authorized by law for the investment of Public  
538 Employees' Retirement System funds, as long as such investment is  
539 made from competitive offering and at the highest and best market  
540 rate obtainable consistent with any available investment  
541 alternatives; however, such investments shall not be made in  
542 shares of stock, common or preferred, or in any other investments  
543 which would mature more than one (1) year from the date of

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544 investment. The board shall have the authority to draw from this  
545 fund periodically such funds as are necessary to operate the  
546 self-insurance plan or to pay to the insurance carrier the cost of  
547 operation of this plan, it being the purpose to limit the amount  
548 of participation by the state to fifty percent (50%) of the cost  
549 of the life insurance program and not to limit the contracting for  
550 additional benefits where the cost will be paid in full by the  
551 employee. The state shall not share in the cost of coverage for  
552 retired employees.

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

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

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

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

576 SECTION 9. Section 27-104-31, Mississippi Code of 1972, is

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577 amended as follows:

578           27-104-31. (1) The State Fiscal Officer shall have the  
579 following powers and duties, acting through the Insurance  
580 Division:

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

585           \* \* \*

586           **(b)** To coordinate and administer the Employment  
587 Compensation Revolving Fund for state agencies as directed in  
588 Section 71-5-359(2)(c);

589           **(c)** To coordinate and administer the liability plans  
590 authorized in Section 11-46-17;

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

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

607           **(f)** To promulgate and adopt rules and regulations  
608 necessary to effect the provisions of a comprehensive risk  
609 management program; and

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

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

617       \* \* \*

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

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

625           37-19-34.

626       \* \* \*

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

640           SECTION 11. Sections 25-15-251, 25-15-253, 25-15-255,  
641 25-15-256, 25-15-257, 25-15-259, 25-15-261, 25-15-263 and  
642 25-15-265, Mississippi Code of 1972, which provide for a group

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643 health insurance plan for employees of school districts and  
644 community/junior college districts, and Sections 37-9-151 and  
645 37-9-153, Mississippi Code of 1972, which provide for the design  
646 of a plan of group health insurance for school district personnel,  
647 are repealed.

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

650 25-15-301. (1) The board may contract the administration  
651 and service of the self-insured program to a third party.

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

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

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

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

675 (iii) An estimate of the total charges for

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676 administering the plan.

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

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

701 (ii) The PEER Committee, at the request of the  
702 House or Senate Appropriations Committee or the House or Senate  
703 Insurance Committee and with funds specifically appropriated by  
704 the Legislature for such purpose, shall contract with an  
705 accounting firm or with other professionals to conduct a  
706 compliance audit of any administrator responsible for  
707 administering the insurance plan established by Section 25-15-3 et  
708 seq. \* \* \*. Such audit shall review the administrator's

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709 compliance with the performance standards required for inclusion  
710 in the administrator's contract. Such audit shall be \* \* \*  
711 delivered to the Legislature no later than January 1 \* \* \*.

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

717 (3) If the board determines that it is necessary to not  
718 renew the contract of an administrator, or finds it necessary to  
719 terminate a contract with or without cause as provided for in the  
720 contract of the administrator, the board is authorized to select  
721 an administrator without complying with the bid requirements in  
722 subsections (1) and (2) of this section. Such contracts shall be  
723 for the balance of the calendar year in which the nonrenewal or  
724 termination occurred, and may be for an additional calendar year  
725 if the board determines that the best interests of the plan  
726 members are served by such. Any contract negotiated on an interim  
727 basis shall include a detailed transition plan which shall ensure  
728 the orderly transfer of responsibilities between administrators  
729 and shall include, but not be limited to, provisions regarding the  
730 transfer of records, files and tapes.

731 (4) Except for contracts executed under the authority of  
732 subsection (3) of this section, the board shall select  
733 administrators at least six (6) months before the expiration of  
734 the current administrator's contract. The period between the  
735 selection of the new administrator and the effective date of the  
736 new contract shall be known as the transition period. Whenever  
737 the newly selected administrator is an entity different from the  
738 entity performing the administrator's function, it shall be the  
739 duty of the board to prepare a detailed transition plan which  
740 shall insure the orderly transfer of responsibilities between  
741 administrators. This plan shall be effective during the

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742 transition period, and shall include, but not be limited to,  
743 provisions regarding the transfer of records, files and tapes.  
744 Further, the plan shall detail the steps necessary to transfer  
745 records and responsibilities and set deadlines for when such steps  
746 should be completed. The board shall include in all requests for  
747 proposals, contracts with administrators, and all other contracts,  
748 provisions requiring the cooperation of administrators and  
749 contractors in any future transition of responsibilities, and  
750 their cooperation with the board and other contractors with  
751 respect to ongoing coordination and delivery of health plan  
752 services. The board shall furnish the Legislature, Governor and  
753 advisory council with copies of all transition plans and keep them  
754 informed of progress on such plans.

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

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

774 SECTION 13. Section 25-15-303, Mississippi Code of 1972, is

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775 amended as follows:

776           25-15-303. (1) There is created the State and \* \* \* School  
777 Employees Health Insurance Management Board, which shall  
778 administer the State and School Employees Life and Health  
779 Insurance Plan provided for under Section 25-15-3 et seq. \* \* \*.  
780 The State and \* \* \* School Employees Health Insurance Management  
781 Board, hereafter referred to as the "board," shall also be  
782 responsible for administering all procedures for selecting  
783 third-party administrators provided for in Section  
784 25-15-301. \* \* \*

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

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

788           (b) The Commissioner of Insurance;

789           (c) The Commissioner of Higher Education;

790           (d) The State Superintendent of Education;

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

793           (f) Two (2) appointees of the Governor whose terms  
794 shall be concurrent with that of the Governor, one (1) of whom  
795 shall have experience in providing actuarial advice to companies  
796 that provide health insurance to large groups and one (1) of whom  
797 shall have experience in the day-to-day management and  
798 administration of a large self-funded health insurance group;

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

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

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

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

807           The legislators, or their designees, shall serve as ex

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808 officio, nonvoting members of the board.

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

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

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

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

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

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

839           (4) Members of the board shall not receive any compensation  
840 or per diem, but may receive travel reimbursement provided for

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841 under Section 25-3-41 except that the legislators shall receive  
842 per diem and expenses which shall be paid from the contingent  
843 expense funds of their respective houses in the same amounts as  
844 provided for committee meetings when the Legislature is not in  
845 session; however, no per diem and expenses for attending meetings  
846 of the board shall be paid while the Legislature is in session.

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

**Further, amend by striking the title in its entirety and  
inserting in lieu thereof the following:**

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 SECTION 25-15-9,  
8 MISSISSIPPI CODE OF 1972, TO INCREASE THE AUTHORIZED FACE VALUE OF  
9 LIFE INSURANCE POLICIES UNDER THE COMBINED PLAN, AND IN CONFORMITY  
10 THERETO; TO AMEND SECTIONS 25-15-5, 25-15-11, 25-15-13, 25-15-14,  
11 25-15-15, 25-15-23, 27-104-31 AND 37-19-34, MISSISSIPPI CODE OF  
12 1972, IN CONFORMITY TO THE PROVISIONS OF THIS ACT; TO FURTHER  
13 AMEND SECTION 25-15-9, MISSISSIPPI CODE OF 1972, TO INCREASE  
14 AMOUNTS OF LIFE INSURANCE FOR WHICH RETIREES ARE ELIGIBLE; TO  
15 FURTHER AMEND SECTION 25-15-11, MISSISSIPPI CODE OF 1972, TO  
16 REVISE REPORTING REQUIREMENTS BY THE BOARD CONCERNING THE PLAN; TO  
17 FURTHER AMEND SECTION 25-15-13, MISSISSIPPI CODE OF 1972, TO  
18 INCREASE THE MAXIMUM AGE OF ELIGIBILITY FOR CERTAIN DEPENDENTS; TO  
19 REPEAL SECTIONS 25-15-251 THROUGH 25-15-265, MISSISSIPPI CODE OF  
20 1972, WHICH PROVIDE FOR A GROUP HEALTH INSURANCE PLAN FOR  
21 EMPLOYEES OF SCHOOL DISTRICTS AND COMMUNITY/JUNIOR COLLEGE  
22 DISTRICTS AND SECTIONS 37-9-151 AND 37-9-153, MISSISSIPPI CODE OF  
23 1972, WHICH PROVIDE FOR THE DESIGN OF A PLAN OF GROUP HEALTH  
24 INSURANCE FOR SCHOOL DISTRICT PERSONNEL; TO AMEND SECTIONS  
25 25-15-301 AND 25-15-303, MISSISSIPPI CODE OF 1972, IN CONFORMITY  
26 TO THE PROVISIONS OF THIS ACT; AND FOR RELATED PURPOSES.