MISSISSIPPI LEGISLATURE  
REGULAR SESSION 2000  

By: Kirby, Robertson  
To: Insurance  

SENATE BILL NO. 2785  

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

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

25-15-9. (1) (a) The board shall design a plan of health insurance for state employees which provides benefits for semiprivate rooms in addition to other incidental coverages which the board deems necessary. The amount of the coverages shall be in such reasonable amount as may be determined by the board to be adequate, after due consideration of current health costs in Mississippi. The plan shall also include major medical benefits in such amounts as the board shall determine. The board is also authorized to accept bids for such alternate coverage and optional benefits as the board shall deem proper. Any contract for alternative coverage and optional benefits shall be awarded by the board after it has carefully studied and evaluated the bids and selected the best and most cost-effective bid. The board may reject all such bids; however, the board shall notify all bidders of the rejection and shall actively solicit new bids if all bids...
are rejected. The board may employ or contract for such
consulting or actuarial services as may be necessary to formulate
the plan, and to assist the board in the preparation of
 specifications and in the process of advertising for the bids for
the plan. Such contracts shall be solicited and entered into in
accordance with Section 25-15-5. The board shall keep a record of
all persons, agents and corporations who contract with or assist
the board in preparing and developing the plan. The board in a
timely manner shall provide copies of this record to the members
of the advisory council created in this section and those
legislators, or their designees, who may attend meetings of the
advisory council. The board shall provide copies of this record
in the solicitation of bids for the administration or servicing of
the self-insured program. Each person, agent or corporation
which, during the previous fiscal year, has assisted in the
development of the plan or employed or compensated any person who
assisted in the development of the plan, and which bids on the
administration or servicing of the plan, shall submit to the board
a statement accompanying the bid explaining in detail its
participation with the development of the plan. This statement
shall include the amount of compensation paid by the bidder to any
such employee during the previous fiscal year. The board shall
make all such information available to the members of the advisory
council and those legislators, or their designees, who may attend
meetings of the advisory council before any action is taken by the
board on the bids submitted. The failure of any bidder to fully
and accurately comply with this paragraph shall result in the
rejection of any bid submitted by that bidder or the cancellation
of any contract executed when the failure is discovered after the
acceptance of that bid. The board is authorized to promulgate
rules and regulations to implement the provisions of this
subsection.

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

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

(b) There is created an advisory council to advise the board in the formulation of the State and School Employees Health Insurance Plan. The council shall be composed of the State Insurance Commissioner or his designee, an employee-representative of the institutions of higher learning appointed by the board of trustees thereof, an employee-representative of the Department of Transportation appointed by the director thereof, an employee-representative of the State Tax Commission appointed by the Commissioner of Revenue, an employee-representative of the Mississippi Department of Health appointed by the State Health Officer, an employee-representative of the Mississippi Department of Corrections appointed by the Commissioner of Corrections, and an employee-representative of the Department of Human Services appointed by the Executive Director of Human Services, two (2) certificated public school administrators appointed by the State Board of Education, two (2) certificated classroom teachers appointed by the State Board of Education, a noncertificated school employee appointed by the State Board of Education and a community/junior college employee appointed by the State Board for Community and Junior Colleges.

The Lieutenant Governor may designate the Secretary of the Senate, the Chairman of the Senate Appropriations Committee, the
Chairman of the Senate Education Committee and the Chairman of the Senate Insurance Committee, and the Speaker of the House of Representatives may designate the Clerk of the House, the Chairman of the House Appropriations Committee, the Chairman of the House Education Committee and the Chairman of the House Insurance Committee, to attend any meeting of the State and School Employees Insurance Advisory Council. The appointing authorities may designate an alternate member from their respective houses to serve when the regular designee is unable to attend such meetings of the council. Such designees shall have no jurisdiction or vote on any matter within the jurisdiction of the council. For attending meetings of the council, such legislators shall receive per diem and expenses which shall be paid from the contingent expense funds of their respective houses in the same amounts as provided for committee meetings when the Legislature is not in session; however, no per diem and expenses for attending meetings of the council will be paid while the Legislature is in session. No per diem and expenses will be paid except for attending meetings of the council without prior approval of the proper committee in their respective houses.

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

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

(e) Medical benefits for retired employees and dependents over age sixty-five (65) years or otherwise eligible for Medicare benefits. The health insurance coverage available to retired employees over age sixty-five (65) years or otherwise eligible for Medicare benefits, and all dependents over age sixty-five (65) years or otherwise eligible for Medicare benefits, shall be the major medical coverage with the lifetime maximum of One Million Dollars ($1,000,000.00). Benefits shall be reduced by Medicare benefits as though such Medicare benefits were the base plan.

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

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

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

Benefits for hospital or surgical or medical benefits shall be reduced by any similar benefits payable by workers' compensation.
(3) (a) Schedule of life insurance benefits--group term:

The amount of term life insurance for each active employee of a department, agency or institution of the state government shall not be in excess of One Hundred Thousand Dollars ($100,000.00), or twice the amount of the employee's annual wage to the next highest One Thousand Dollars ($1,000.00), whichever may be less, but in no case less than Thirty Thousand Dollars ($30,000.00), with a like amount for accidental death and dismemberment on a twenty-four-hour basis. The plan will further contain a premium waiver provision if a covered employee becomes totally and permanently disabled prior to age sixty-five (65) years.

Employees retiring after June 30, 1999, shall be eligible to continue life insurance coverage in an amount of Five Thousand Dollars ($5,000.00), Ten Thousand Dollars ($10,000.00) or Twenty Thousand Dollars ($20,000.00) into retirement.

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

(c) Beginning October 1, 2000, the board and any approved insurance company under subsection (7) shall restructure the life insurance policies offered into two (2) separate policies each with a minimum benefit of Fifteen Thousand Dollars ($15,000.00) and a maximum benefit of Fifty Thousand Dollars ($50,000.00). The employee shall pay one hundred percent (100%) of the premiums for the first policy and the state shall pay one hundred percent (100%) of the premiums for the second policy such that no covered employee shall have imputed income under federal income tax rules due to the State and School Life Insurance Plan. The state shall not provide or pay for any coverage on any employee who does not pay the entire cost of the first policy.

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

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

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

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

(a) The insurance company offering the group life insurance plan shall be rated "A-" or better by A.M. Best state insurance rating service and be licensed as an admitted carrier in the State of Mississippi by the Mississippi Department of Insurance.

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

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

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

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

SECTION 2. Section 25-15-15, Mississippi Code of 1972, is
amended as follows:[JMR2]

25-15-15. (1) The board is authorized to determine the
manner in which premiums and contributions by the state agencies,
local school districts, colleges, universities, community/junior
colleges and public libraries shall be collected to provide the
self-insured health insurance program for employees as provided
under this article. The state shall provide fifty percent (50%)
of the cost of the above life insurance plan and one hundred
percent (100%) of the cost of the above health insurance plan for
all active full-time employees, and the employees shall be given
the opportunity to purchase coverage for their eligible dependents
with the premiums for such dependent coverage as well as the
employee's fifty percent (50%) share for his life insurance
coverage to be deductible from the employee's salary by the
agency, department or institution head, which deductions, together
with the fifty percent (50%) share of such life insurance premiums
of such employing agency, department or institution head from
funds appropriated to or authorized to be expended by such
employing agency, department or institution head, shall be
deposited directly into a depository bank or special fund in the
State Treasury, as determined by the board. These funds and
interest earned on these funds may be used for the disbursement of
claims and shall be exempt from the appropriation process.

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

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

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

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

(6) Any community/junior college district may contribute to the cost of coverage for any district employee from local community/junior college district funds, and any public school district may contribute to the cost of coverage for any district employee from nonminimum program funds. Any community/junior college district or public school district that is contributing to the cost of group term life insurance for its employees from local or nonminimum program funds may reduce the amount of local or nonminimum program funds contributed toward certified employees' compensation by the amount of funds contributed toward the cost of group term life insurance and shall not be in violation of Section 37-19-11. Any part of the cost of such coverage for participating employees of public school districts and public community/junior college districts that is not paid by the state shall be paid by
the participating employees, which shall be deducted from the
salaries of the employees in a manner determined by the board.

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

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

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

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

SECTION 2. This act shall take effect and be in force from
and after July 1, 2000.