

By: Kirby, Robertson

To: Insurance

SENATE BILL NO. 2785

1 AN ACT TO AMEND SECTION 25-15-9, MISSISSIPPI CODE OF 1972, TO
2 REQUIRE THE RESTRUCTURING OF THE STATE AND SCHOOL LIFE INSURANCE
3 PLAN INTO TWO SEPARATE POLICIES SUCH THAT NO COVERED EMPLOYEE
4 SHALL HAVE IMPUTED INCOME UNDER FEDERAL INCOME TAX RULES DUE TO
5 THE STATE AND SCHOOL LIFE INSURANCE PLAN; TO AMEND SECTION
6 25-15-15, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT ANY
7 COMMUNITY/JUNIOR COLLEGE DISTRICT OR PUBLIC SCHOOL DISTRICT THAT
8 IS CONTRIBUTING TO THE COST OF GROUP TERM LIFE INSURANCE FOR ITS
9 EMPLOYEES FROM LOCAL OR NONMINIMUM PROGRAM FUNDS MAY REDUCE THE
10 AMOUNT OF LOCAL OR NONMINIMUM PROGRAM FUNDS CONTRIBUTED TOWARD
11 CERTIFIED EMPLOYEES' COMPENSATION BY THE AMOUNT OF FUNDS
12 CONTRIBUTED TOWARD THE COST OF GROUP TERM LIFE INSURANCE; AND FOR
13 RELATED PURPOSES.

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

15 SECTION 1. Section 25-15-9, Mississippi Code of 1972, is
16 amended as follows:[JMR1]

17 25-15-9. (1) (a) The board shall design a plan of health
18 insurance for state employees which provides benefits for
19 semiprivate rooms in addition to other incidental coverages which
20 the board deems necessary. The amount of the coverages shall be
21 in such reasonable amount as may be determined by the board to be
22 adequate, after due consideration of current health costs in
23 Mississippi. The plan shall also include major medical benefits
24 in such amounts as the board shall determine. The board is also
25 authorized to accept bids for such alternate coverage and optional
26 benefits as the board shall deem proper. Any contract for
27 alternative coverage and optional benefits shall be awarded by the
28 board after it has carefully studied and evaluated the bids and
29 selected the best and most cost-effective bid. The board may
30 reject all such bids; however, the board shall notify all bidders
31 of the rejection and shall actively solicit new bids if all bids

32 are rejected. The board may employ or contract for such
33 consulting or actuarial services as may be necessary to formulate
34 the plan, and to assist the board in the preparation of
35 specifications and in the process of advertising for the bids for
36 the plan. Such contracts shall be solicited and entered into in
37 accordance with Section 25-15-5. The board shall keep a record of
38 all persons, agents and corporations who contract with or assist
39 the board in preparing and developing the plan. The board in a
40 timely manner shall provide copies of this record to the members
41 of the advisory council created in this section and those
42 legislators, or their designees, who may attend meetings of the
43 advisory council. The board shall provide copies of this record
44 in the solicitation of bids for the administration or servicing of
45 the self-insured program. Each person, agent or corporation
46 which, during the previous fiscal year, has assisted in the
47 development of the plan or employed or compensated any person who
48 assisted in the development of the plan, and which bids on the
49 administration or servicing of the plan, shall submit to the board
50 a statement accompanying the bid explaining in detail its
51 participation with the development of the plan. This statement
52 shall include the amount of compensation paid by the bidder to any
53 such employee during the previous fiscal year. The board shall
54 make all such information available to the members of the advisory
55 council and those legislators, or their designees, who may attend
56 meetings of the advisory council before any action is taken by the
57 board on the bids submitted. The failure of any bidder to fully
58 and accurately comply with this paragraph shall result in the
59 rejection of any bid submitted by that bidder or the cancellation
60 of any contract executed when the failure is discovered after the
61 acceptance of that bid. The board is authorized to promulgate
62 rules and regulations to implement the provisions of this
63 subsection.

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

67 Any corporation, association, company or individual that
68 contracts with the board for the third-party claims administration

69 of the self-insured plan shall prepare and keep on file an
70 explanation of benefits for each claim processed. The explanation
71 of benefits shall contain such information relative to each
72 processed claim which the board deems necessary, and, at a
73 minimum, each explanation shall provide the claimant's name, claim
74 number, provider number, provider name, service dates, type of
75 services, amount of charges, amount allowed to the claimant and
76 reason codes. The information contained in the explanation of
77 benefits shall be available for inspection upon request by the
78 board. The board shall have access to all claims information
79 utilized in the issuance of payments to employees and providers.

80 (b) There is created an advisory council to advise the
81 board in the formulation of the State and School Employees Health
82 Insurance Plan. The council shall be composed of the State
83 Insurance Commissioner or his designee, an employee-representative
84 of the institutions of higher learning appointed by the board of
85 trustees thereof, an employee-representative of the Department of
86 Transportation appointed by the director thereof, an
87 employee-representative of the State Tax Commission appointed by
88 the Commissioner of Revenue, an employee-representative of the
89 Mississippi Department of Health appointed by the State Health
90 Officer, an employee-representative of the Mississippi Department
91 of Corrections appointed by the Commissioner of Corrections, and
92 an employee-representative of the Department of Human Services
93 appointed by the Executive Director of Human Services, two (2)
94 certificated public school administrators appointed by the State
95 Board of Education, two (2) certificated classroom teachers
96 appointed by the State Board of Education, a noncertificated
97 school employee appointed by the State Board of Education and a
98 community/junior college employee appointed by the State Board for
99 Community and Junior Colleges.

100 The Lieutenant Governor may designate the Secretary of the
101 Senate, the Chairman of the Senate Appropriations Committee, the

102 Chairman of the Senate Education Committee and the Chairman of the
103 Senate Insurance Committee, and the Speaker of the House of
104 Representatives may designate the Clerk of the House, the Chairman
105 of the House Appropriations Committee, the Chairman of the House
106 Education Committee and the Chairman of the House Insurance
107 Committee, to attend any meeting of the State and School Employees
108 Insurance Advisory Council. The appointing authorities may
109 designate an alternate member from their respective houses to
110 serve when the regular designee is unable to attend such meetings
111 of the council. Such designees shall have no jurisdiction or vote
112 on any matter within the jurisdiction of the council. For
113 attending meetings of the council, such legislators shall receive
114 per diem and expenses which shall be paid from the contingent
115 expense funds of their respective houses in the same amounts as
116 provided for committee meetings when the Legislature is not in
117 session; however, no per diem and expenses for attending meetings
118 of the council will be paid while the Legislature is in session.
119 No per diem and expenses will be paid except for attending
120 meetings of the council without prior approval of the proper
121 committee in their respective houses.

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

132 (d) **Medical benefits for retired employees and**
133 **dependents under age sixty-five (65) years and not eligible for**
134 **Medicare benefits.** The same health insurance coverage as for all

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

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

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

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

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

165 Benefits for hospital or surgical or medical benefits shall
166 be reduced by any similar benefits payable by workers'
167 compensation.

168 (3) (a) Schedule of life insurance benefits--group term:
169 The amount of term life insurance for each active employee of a
170 department, agency or institution of the state government shall
171 not be in excess of One Hundred Thousand Dollars (\$100,000.00), or
172 twice the amount of the employee's annual wage to the next highest
173 One Thousand Dollars (\$1,000.00), whichever may be less, but in no
174 case less than Thirty Thousand Dollars (\$30,000.00), with a like
175 amount for accidental death and dismemberment on a
176 twenty-four-hour basis. The plan will further contain a premium
177 waiver provision if a covered employee becomes totally and
178 permanently disabled prior to age sixty-five (65) years.
179 Employees retiring after June 30, 1999, shall be eligible to
180 continue life insurance coverage in an amount of Five Thousand
181 Dollars (\$5,000.00), Ten Thousand Dollars (\$10,000.00) or Twenty
182 Thousand Dollars (\$20,000.00) into retirement.

183 (b) Effective October 1, 1999, schedule of life
184 insurance benefits--group term: The amount of term life insurance
185 for each active employee of any school district, community/junior
186 college, public library or university-based program authorized
187 under Section 37-23-31 for deaf, aphasic and emotionally disturbed
188 children or any regular nonstudent bus driver shall not be in
189 excess of One Hundred Thousand Dollars (\$100,000.00), or twice the
190 amount of the employee's annual wage to the next highest One
191 Thousand Dollars (\$1,000.00), whichever may be less, but in no
192 case less than Thirty Thousand Dollars (\$30,000.00), with a like
193 amount for accidental death and dismemberment on a
194 twenty-four-hour basis. The plan will further contain a premium
195 waiver provision if a covered employee of any school district,
196 community/junior college, public library or university-based
197 program authorized under Section 37-23-31 for deaf, aphasic and
198 emotionally disturbed children or any regular nonstudent bus
199 driver becomes totally and permanently disabled prior to age
200 sixty-five (65) years. Employees of any school district,

201 community/junior college, public library or university-based
202 program authorized under Section 37-23-31 for deaf, aphasic and
203 emotionally disturbed children or any regular nonstudent bus
204 driver retiring after September 30, 1999, shall be eligible to
205 continue life insurance coverage in an amount of Five Thousand
206 Dollars (\$5,000.00), Ten Thousand Dollars (\$10,000.00) or Twenty
207 Thousand Dollars (\$20,000.00) into retirement.

208 (c) Beginning October 1, 2000, the board and any
209 approved insurance company under subsection (7) shall restructure
210 the life insurance policies offered into two (2) separate policies
211 each with a minimum benefit of Fifteen Thousand Dollars
212 (\$15,000.00) and a maximum benefit of Fifty Thousand Dollars
213 (\$50,000.00). The employee shall pay one hundred percent (100%)
214 of the premiums for the first policy and the state shall pay one
215 hundred percent (100%) of the premiums for the second policy such
216 that no covered employee shall have imputed income under federal
217 income tax rules due to the State and School Life Insurance Plan.
218 The state shall not provide or pay for any coverage on any
219 employee who does not pay the entire cost of the first policy.

220 (4) Any eligible employee who on March 1, 1971, was
221 participating in a group life insurance program which has
222 provisions different from those included herein and for which the
223 State of Mississippi was paying a part of the premium may, at his
224 discretion, continue to participate in such plan. Such employee
225 shall pay in full all additional costs, if any, above the minimum
226 program established by this article. Under no circumstances shall
227 any individual who begins employment with the state after March 1,
228 1971, be eligible for the provisions of this paragraph.

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

231 (6) Any premium differentials, differences in coverages,
232 discounts determined by risk or by any other factors shall be
233 uniformly applied to all active employees participating in the

234 insurance plan. It is the intent of the Legislature that the
235 state contribution to the plan be the same for each employee
236 throughout the state.

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

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

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

266 (c) The insurance company group life insurance plan

267 shall be fully insured, and no form of self-funding life insurance
268 by such company shall be approved.

269 (d) The insurance company group life insurance plan
270 shall have one (1) composite rate per One Thousand Dollars
271 (\$1,000.00) of coverage for active employees regardless of age and
272 one (1) composite rate per One Thousand Dollars (\$1,000.00) of
273 coverage for all retirees regardless of age or type of retiree.

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

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

284 25-15-15. (1) The board is authorized to determine the
285 manner in which premiums and contributions by the state agencies,
286 local school districts, colleges, universities, community/junior
287 colleges and public libraries shall be collected to provide the
288 self-insured health insurance program for employees as provided
289 under this article. The state shall provide fifty percent (50%)
290 of the cost of the above life insurance plan and one hundred
291 percent (100%) of the cost of the above health insurance plan for
292 all active full-time employees, and the employees shall be given
293 the opportunity to purchase coverage for their eligible dependents
294 with the premiums for such dependent coverage as well as the
295 employee's fifty percent (50%) share for his life insurance
296 coverage to be deductible from the employee's salary by the
297 agency, department or institution head, which deductions, together
298 with the fifty percent (50%) share of such life insurance premiums
299 of such employing agency, department or institution head from

300 funds appropriated to or authorized to be expended by such
301 employing agency, department or institution head, shall be
302 deposited directly into a depository bank or special fund in the
303 State Treasury, as determined by the board. These funds and
304 interest earned on these funds may be used for the disbursement of
305 claims and shall be exempt from the appropriation process.

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

322 (3) The state shall annually provide one hundred percent
323 (100%) of the cost of the health insurance plan for all public
324 school district employees who work no less than twenty (20) hours
325 during each week and regular nonstudent school bus drivers. Where
326 federal funding is allowable to defray, in full or in part, the
327 cost of participation in the program by district employees who
328 work no less than twenty (20) hours during the week and regular
329 nonstudent bus drivers, whose salaries are paid, in full or in
330 part, by federal funds, the allowance under this section shall be
331 reduced to the extent of such federal funding. Where the use of
332 federal funds is allowable but not available, it is the intent of

333 the Legislature that school districts contribute the cost of
334 participation for such employees from local funds, except that
335 parent fees for child nutrition programs shall not be increased to
336 cover such cost.

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

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

352 (6) Any community/junior college district may contribute to
353 the cost of coverage for any district employee from local
354 community/junior college district funds, and any public school
355 district may contribute to the cost of coverage for any district
356 employee from nonminimum program funds. Any community/junior
357 college district or public school district that is contributing to
358 the cost of group term life insurance for its employees from local
359 or nonminimum program funds may reduce the amount of local or
360 nonminimum program funds contributed toward certified employees'
361 compensation by the amount of funds contributed toward the cost of
362 group term life insurance and shall not be in violation of Section
363 37-19-11. Any part of the cost of such coverage for participating
364 employees of public school districts and public community/junior
365 college districts that is not paid by the state shall be paid by

366 the participating employees, which shall be deducted from the
367 salaries of the employees in a manner determined by the board.

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

373 (8) The board may establish and enforce late charges and
374 interest penalties or other penalties for the purpose of requiring
375 the prompt payment of all premiums for life and health insurance
376 permitted under Chapter 15 of Title 25. All funds in excess of
377 the amount needed for disbursement of claims shall be deposited in
378 a special fund in the State Treasury to be known as the State and
379 School Employees Insurance Fund. The State Treasurer shall invest
380 all funds in the State and School Employees Insurance Fund and all
381 interest earned shall be credited to the State and School
382 Employees Insurance Fund. Such funds shall be placed with one or
383 more depositories of the state and invested on the first day such
384 funds are available for investment in certificates of deposit,
385 repurchase agreements or in United States Treasury bills or as
386 otherwise authorized by law for the investment of Public
387 Employees' Retirement System funds, as long as such investment is
388 made from competitive offering and at the highest and best market
389 rate obtainable consistent with any available investment
390 alternatives; however, such investments shall not be made in
391 shares of stock, common or preferred, or in any other investments
392 which would mature more than one (1) year from the date of
393 investment. The board shall have the authority to draw from this
394 fund periodically such funds as are necessary to operate the
395 self-insurance plan or to pay to the insurance carrier the cost of
396 operation of this plan, it being the purpose to limit the amount
397 of participation by the state to fifty percent (50%) of the cost
398 of the life insurance program and not to limit the contracting for

399 additional benefits where the cost will be paid in full by the
400 employee. The state shall not share in the cost of coverage for
401 retired employees.

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

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

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