

By: Dearing, Thames

To: Fees, Salaries and
Administration;
Appropriations

COMMITTEE SUBSTITUTE
FOR
SENATE BILL NO. 3027

1 AN ACT TO AMEND SECTION 25-15-9, MISSISSIPPI CODE OF 1972, TO
2 REVISE THE DEFINITION OF THE TERM "ANNUAL WAGE" AS IT RELATES TO
3 THE STATE AND SCHOOL EMPLOYEES LIFE INSURANCE PLAN; TO INCREASE
4 THE AMOUNTS OF LIFE INSURANCE FOR WHICH RETIREES ARE ELIGIBLE; AND
5 FOR RELATED PURPOSES.

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

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

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

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

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

59 Any corporation, association, company or individual that
60 contracts with the board for the third-party claims administration
61 of the self-insured plan shall prepare and keep on file an
62 explanation of benefits for each claim processed. The explanation
63 of benefits shall contain such information relative to each
64 processed claim which the board deems necessary, and, at a

65 minimum, each explanation shall provide the claimant's name, claim
66 number, provider number, provider name, service dates, type of
67 services, amount of charges, amount allowed to the claimant and
68 reason codes. The information contained in the explanation of
69 benefits shall be available for inspection upon request by the
70 board. The board shall have access to all claims information
71 utilized in the issuance of payments to employees and providers.

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

92 The Lieutenant Governor may designate the Secretary of the
93 Senate, the Chairman of the Senate Appropriations Committee, the
94 Chairman of the Senate Education Committee and the Chairman of the
95 Senate Insurance Committee, and the Speaker of the House of
96 Representatives may designate the Clerk of the House, the Chairman
97 of the House Appropriations Committee, the Chairman of the House

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

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

124 (d) **Medical benefits for retired employees and**
125 **dependents under age sixty-five (65) years and not eligible for**
126 **Medicare benefits.** The same health insurance coverage as for all
127 other active employees and their dependents shall be available to
128 retired employees and all dependents under age sixty-five (65)
129 years who are not eligible for Medicare benefits, the level of
130 benefits to be the same level as for all other active

131 participants. This section will apply to those employees who
132 retire due to one hundred percent (100%) medical disability as
133 well as those employees electing early retirement.

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

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

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

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

157 Benefits for hospital or surgical or medical benefits shall
158 be reduced by any similar benefits payable by workers'
159 compensation.

160 (3) (a) Schedule of life insurance benefits--group term:
161 The amount of term life insurance for each active employee of a
162 department, agency or institution of the state government shall
163 not be in excess of One Hundred Thousand Dollars (\$100,000.00), or

164 twice the amount of the employee's annual wage to the next highest
165 One Thousand Dollars (\$1,000.00), whichever may be less, but in no
166 case less than Thirty Thousand Dollars (\$30,000.00), with a like
167 amount for accidental death and dismemberment on a
168 twenty-four-hour basis. The plan will further contain a premium
169 waiver provision if a covered employee becomes totally and
170 permanently disabled prior to age sixty-five (65) years.
171 Employees retiring after June 30, 1999, shall be eligible to
172 continue life insurance coverage in an amount of Ten Thousand
173 Dollars (\$10,000.00), Twenty-five Thousand Dollars (\$25,000.00),
174 Fifty Thousand Dollars (\$50,000.00) or One Hundred Thousand
175 Dollars (\$100,000.00) into retirement.

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

197 driver retiring after September 30, 1999, shall be eligible to
198 continue life insurance coverage in an amount of Ten Thousand
199 Dollars (\$10,000.00), Twenty-five Thousand Dollars (\$25,000.00),
200 Fifty Thousand Dollars (\$50,000.00) or One Hundred Thousand
201 Dollars (\$100,000.00) into retirement.

202 (c) For the purposes of this subsection (3), the term
203 "annual wage" shall mean the amount listed as social security
204 wages on the employee's W-2 Form for the prior calendar year, or
205 the employee's current annual salary if the employee has been
206 employed for less than one (1) calendar year.

207 (4) Any eligible employee who on March 1, 1971, was
208 participating in a group life insurance program which has
209 provisions different from those included herein and for which the
210 State of Mississippi was paying a part of the premium may, at his
211 discretion, continue to participate in such plan. Such employee
212 shall pay in full all additional costs, if any, above the minimum
213 program established by this article. Under no circumstances shall
214 any individual who begins employment with the state after March 1,
215 1971, be eligible for the provisions of this paragraph.

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

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

224 (7) On October 1, 1999, any school district,
225 community/junior college district or public library may elect to
226 remain with an existing policy or policies of group life insurance
227 with an insurance company approved by the State and School
228 Employees Health Insurance Management Board, in lieu of
229 participation in the State and School Life Insurance Plan. The

230 state's contribution of up to fifty percent (50%) of the active
231 employee's premium under the State and School Life Insurance Plan
232 may be applied toward the cost of coverage for full-time employees
233 participating in the approved life insurance company group plan.
234 For purposes of this subsection (7), "life insurance company group
235 plan" means a plan administered or sold by a private insurance
236 company. After October 1, 1999, the board may assess charges in
237 addition to the existing State and School Life Insurance Plan
238 rates to such employees as a condition of enrollment in the State
239 and School Life Insurance Plan. In order for any life insurance
240 company group plan existing as of October 1, 1999, to be approved
241 by the State and School Employees Health Insurance Management
242 Board under this subsection (7), it shall meet the following
243 criteria:

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

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

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

256 (d) The insurance company group life insurance plan
257 shall have one (1) composite rate per One Thousand Dollars
258 (\$1,000.00) of coverage for active employees regardless of age and
259 one (1) composite rate per One Thousand Dollars (\$1,000.00) of
260 coverage for all retirees regardless of age or type of retiree.

261 (e) The insurance company and its group life insurance
262 plan shall comply with any administrative requirements of the

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

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