

By: Representatives Mayo, Jennings

To: Insurance;
Appropriations

HOUSE BILL NO. 108

1 AN ACT TO AMEND SECTION 25-15-9, MISSISSIPPI CODE OF 1972, TO
2 ALLOW THE ELIGIBLE SCHOOL EMPLOYEES OF EACH SCHOOL DISTRICT THE
3 OPPORTUNITY TO VOTE THE SCHOOL DISTRICT OUT OF THE STATE AND
4 SCHOOL EMPLOYEES HEALTH INSURANCE PLAN; TO PROVIDE THAT SCHOOL
5 DISTRICTS THAT VOTE TO OPT OUT OF THE STATE HEALTH PLAN SHALL
6 RECEIVE THEIR PRO RATA SHARE OF THE STATE FUNDS DESIGNATED FOR
7 HEALTH INSURANCE FOR SCHOOL EMPLOYEES AND TO REQUIRE THOSE SCHOOL
8 DISTRICTS TO USE SUCH FUNDS FOR THE PURCHASE OF HEALTH INSURANCE
9 FOR THE SCHOOL DISTRICT EMPLOYEES; AND FOR RELATED PURPOSES.

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

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

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



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

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



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

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



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

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



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

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

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

152 (f) (i) On October 1, 2001, any school district that
153 has voted to opt out of the State and School Employees Health
154 Insurance Plan, as provided herein, may procure health insurance
155 for the school district employees with a private insurance company
156 that is approved by the State and School Employees Health
157 Insurance Management Board in lieu of participating in the State
158 and School Health Insurance Plan. Those school districts that
159 vote to opt out may join together to secure such health insurance.



160 (ii) Before the provisions of subparagraph (i) of
161 this paragraph (f) shall take effect in any school district, the
162 school board shall adopt its resolution approving implementation
163 of the provisions of such subparagraph. Notice of the resolution
164 shall be published in one (1) or more newspapers having a general
165 circulation in the school district. The notice shall be published
166 once each week for at least three (3) consecutive weeks. No
167 sooner than thirty (30) days following the last publication of
168 such notice, there shall be held an election in the school
169 district for which the provisions of subparagraph (i) have been
170 proposed to be implemented. At such election, all eligible school
171 employees who are residents of the school district shall be
172 entitled to vote. The ballot at such election shall contain the
173 question: "Do you favor opting out of the State and School
174 Employees Health Insurance Plan and procuring health insurance
175 coverage with a private insurance company that is approved by the
176 State and School Employees Health Insurance Management Board?" If
177 seventy-five percent (75%) of those voting in the election vote in
178 favor of the question, then the provisions of subparagraph (i)
179 shall become effective. If less than seventy-five percent (75%)
180 of these voting in the election vote in favor of the question,
181 then the provisions of subparagraph (i) shall not become
182 effective. If the question fails, then no election shall be held
183 on the question within two (2) years of the last election on the
184 question. Any subsequent election shall be held upon adoption by
185 the school board of its resolution and the giving of notice in the
186 same manner as prescribed in subparagraph (i) for the initial
187 election.

188 (iii) The state shall give each school district
189 that votes to opt out of the State and School Employees Health
190 Insurance Plan under subparagraph of this paragraph (f) its pro
191 rata share of the state funds designated for school employee
192 health insurance based on the number of school employees eligible



193 to be covered by the plan within the school district. The school
194 district shall use such funds only for the purchase of health
195 insurance for the eligible school employees in the school
196 district.

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

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

206 Benefits for hospital or surgical or medical benefits shall
207 be reduced by any similar benefits payable by workers'
208 compensation.

209 (3) (a) Schedule of life insurance benefits--group term:
210 The amount of term life insurance for each active employee of a
211 department, agency or institution of the state government shall
212 not be in excess of One Hundred Thousand Dollars (\$100,000.00), or
213 twice the amount of the employee's annual wage to the next highest
214 One Thousand Dollars (\$1,000.00), whichever may be less, but in no
215 case less than Thirty Thousand Dollars (\$30,000.00), with a like
216 amount for accidental death and dismemberment on a
217 twenty-four-hour basis. The plan will further contain a premium
218 waiver provision if a covered employee becomes totally and
219 permanently disabled prior to age sixty-five (65) years.
220 Employees retiring after June 30, 1999, shall be eligible to
221 continue life insurance coverage in an amount of Five Thousand
222 Dollars (\$5,000.00), Ten Thousand Dollars (\$10,000.00) or Twenty
223 Thousand Dollars (\$20,000.00) into retirement.

224 (b) Effective October 1, 1999, schedule of life
225 insurance benefits--group term: The amount of term life insurance



226 for each active employee of any school district, community/junior
227 college, public library or university-based program authorized
228 under Section 37-23-31 for deaf, aphasic and emotionally disturbed
229 children or any regular nonstudent bus driver shall not be in
230 excess of One Hundred Thousand Dollars (\$100,000.00), or twice the
231 amount of the employee's annual wage to the next highest One
232 Thousand Dollars (\$1,000.00), whichever may be less, but in no
233 case less than Thirty Thousand Dollars (\$30,000.00), with a like
234 amount for accidental death and dismemberment on a
235 twenty-four-hour basis. The plan will further contain a premium
236 waiver provision if a covered employee of any school district,
237 community/junior college, public library or university-based
238 program authorized under Section 37-23-31 for deaf, aphasic and
239 emotionally disturbed children or any regular nonstudent bus
240 driver becomes totally and permanently disabled prior to age
241 sixty-five (65) years. Employees of any school district,
242 community/junior college, public library or university-based
243 program authorized under Section 37-23-31 for deaf, aphasic and
244 emotionally disturbed children or any regular nonstudent bus
245 driver retiring after September 30, 1999, shall be eligible to
246 continue life insurance coverage in an amount of Five Thousand
247 Dollars (\$5,000.00), Ten Thousand Dollars (\$10,000.00) or Twenty
248 Thousand Dollars (\$20,000.00) into retirement.

249 (4) Any eligible employee who on March 1, 1971, was
250 participating in a group life insurance program which has
251 provisions different from those included herein and for which the
252 State of Mississippi was paying a part of the premium may, at his
253 discretion, continue to participate in such plan. Such employee
254 shall pay in full all additional costs, if any, above the minimum
255 program established by this article. Under no circumstances shall
256 any individual who begins employment with the state after March 1,
257 1971, be eligible for the provisions of this paragraph.



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

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

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

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



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

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

298 (d) The insurance company group life insurance plan
299 shall have one (1) composite rate per One Thousand Dollars
300 (\$1,000.00) of coverage for active employees regardless of age and
301 one (1) composite rate per One Thousand Dollars (\$1,000.00) of
302 coverage for all retirees regardless of age or type of retiree.

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

311 SECTION 2. This act shall take effect and be in force from
312 and after July 1, 2001.

