

By: Senator(s) Dearing

To: Fees, Salaries and
Administration;
Appropriations

COMMITTEE SUBSTITUTE
FOR
SENATE BILL NO. 2250

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

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

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

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



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

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

60 Any corporation, association, company or individual that
61 contracts with the board for the third-party claims administration
62 of the self-insured plan shall prepare and keep on file an



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

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

93 The Lieutenant Governor may designate the Secretary of the
94 Senate, the Chairman of the Senate Appropriations Committee, the
95 Chairman of the Senate Education Committee and the Chairman of the



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

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

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



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

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

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

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

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

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



161 (3) (a) Schedule of life insurance benefits--group term:
162 The amount of term life insurance for each active employee of a
163 department, agency or institution of the state government shall
164 not be in excess of One Hundred Thousand Dollars (\$100,000.00), or
165 twice the amount of the employee's annual wage to the next highest
166 One Thousand Dollars (\$1,000.00), whichever may be less, but in no
167 case less than Thirty Thousand Dollars (\$30,000.00), with a like
168 amount for accidental death and dismemberment on a
169 twenty-four-hour basis. The plan will further contain a premium
170 waiver provision if a covered employee becomes totally and
171 permanently disabled prior to age sixty-five (65) years.
172 Employees retiring after June 30, 1999, shall be eligible to
173 continue life insurance coverage in an amount of Ten Thousand
174 Dollars (\$10,000.00), Twenty-five Thousand Dollars (\$25,000.00),
175 Fifty Thousand Dollars (\$50,000.00) or One Hundred Thousand
176 Dollars (\$100,000.00) into retirement.

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



194 sixty-five (65) years. Employees of any school district,
195 community/junior college, public library or university-based
196 program authorized under Section 37-23-31 for deaf, aphasic and
197 emotionally disturbed children or any regular nonstudent bus
198 driver retiring after September 30, 1999, shall be eligible to
199 continue life insurance coverage in an amount of Ten Thousand
200 Dollars (\$10,000.00), Twenty-five Thousand Dollars (\$25,000.00),
201 Fifty Thousand Dollars (\$50,000.00) or One Hundred Thousand
202 Dollars (\$100,000.00) into retirement.

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

208 (4) Any eligible employee who on March 1, 1971, was
209 participating in a group life insurance program which has
210 provisions different from those included herein and for which the
211 State of Mississippi was paying a part of the premium may, at his
212 discretion, continue to participate in such plan. Such employee
213 shall pay in full all additional costs, if any, above the minimum
214 program established by this article. Under no circumstances shall
215 any individual who begins employment with the state after March 1,
216 1971, be eligible for the provisions of this paragraph.

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

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

225 (7) On October 1, 1999, any school district,
226 community/junior college district or public library may elect to



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

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

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

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

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



260 one (1) composite rate per One Thousand Dollars (\$1,000.00) of
261 coverage for all retirees regardless of age or type of retiree.

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

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

