

By: Senator(s) Minor, Thames

To: Finance; Appropriations

SENATE BILL NO. 2667

1 AN ACT TO CREATE NEW SECTION 25-11-143, MISSISSIPPI CODE OF
2 1972, TO REQUIRE THE BOARD OF TRUSTEES OF THE PUBLIC EMPLOYEES'
3 RETIREMENT SYSTEM TO DESIGN A PLAN OF HEALTH INSURANCE FOR ALL
4 CURRENT AND FUTURE RETIREES; TO PROVIDE THAT SUCH PLAN SHALL
5 INITIALLY HAVE BENEFITS EQUIVALENT TO THOSE IN THE STATE AND
6 SCHOOL EMPLOYEES HEALTH INSURANCE PLAN; TO PROVIDE THAT THE BOARD
7 MAY MODIFY THE PLAN AS NECESSARY TO MEET THE NEEDS OF THE MEMBERS
8 OF THE PLAN AND TO MAINTAIN THE FISCAL SOUNDNESS OF THE PLAN; TO
9 PROVIDE THAT THE BOARD MAY OFFER AN OPTIONAL PLAN TO RETIREES WHO
10 ARE ELIGIBLE FOR MEDICARE; TO PROVIDE FOR THE TREATMENT OF
11 RETIREES WHO DECLINE COVERAGE UNDER THE PLAN OR WHO ELECT
12 CONTINUING COVERAGE UNDER COBRA; TO PROVIDE THAT THE BOARD OF
13 TRUSTEES SHALL SUBSIDIZE A PORTION OF THE COST OF PROVIDING THE
14 HEALTH INSURANCE PLAN TO RETIREES; TO PROVIDE FOR THE AMOUNT OF
15 SUBSIDY; TO PROVIDE THAT EACH EMPLOYER SHALL PAY MONTHLY AN AMOUNT
16 EQUAL TO 2.19% OF THE TOTAL PAYROLL OF SUCH EMPLOYER THAT IS
17 ATTRIBUTABLE TO CONTRIBUTING MEMBERS OF THE PUBLIC EMPLOYEES'
18 RETIREMENT SYSTEM; TO PROVIDE THAT A CERTAIN AMOUNT OF THE
19 PAYMENTS RECEIVED BY THE BOARD OF TRUSTEES SHALL BE HELD IN A FUND
20 AND UTILIZED BY THE BOARD TO SUBSIDIZE THE HEALTH INSURANCE PLAN
21 REQUIRED TO BE ESTABLISHED BY THIS ACT; TO GRANT THE BOARD OF
22 TRUSTEES CERTAIN POWERS AND DUTIES IN REGARD TO SUCH PLAN; TO
23 CREATE A NEW SECTION TO BE CODIFIED AS SECTION 25-11-145,
24 MISSISSIPPI CODE OF 1972, TO PROVIDE THE MANNER IN WHICH THE FUNDS
25 RECEIVED BY THE INSURANCE PROGRAM ESTABLISHED IN SECTION
26 25-11-143, MISSISSIPPI CODE OF 1972, MAY BE INVESTED; TO AMEND
27 SECTIONS 25-15-3, 25-15-9, 25-15-11, 25-15-14, 25-15-15 AND
28 25-15-103, MISSISSIPPI CODE OF 1972, TO REMOVE PROVISIONS THAT
29 AUTHORIZE RETIREES TO BE INCLUDED IN THE STATE AND SCHOOL
30 EMPLOYEES LIFE AND HEALTH INSURANCE PLAN; TO AMEND SECTIONS
31 25-11-141, MISSISSIPPI CODE OF 1972, IN CONFORMITY THERETO; AND
32 FOR RELATED PURPOSES.

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

34 SECTION 1. The following provision shall be codified as
35 Section 25-11-143, Mississippi Code of 1972:

36 25-11-143. (1) As used in this act "retiree" means any
37 person receiving a service or disability retirement benefit from
38 any system administered by the board; provided, however, that in
39 the case of persons participating in the optional retirement plan

40 established in Section 25-11-401 et seq., the term "retiree" shall
41 include only those persons who would be entitled to receive a
42 retirement allowance under the provisions of Section 25-11-111 if
43 they were not members of such optional retirement plan.

44 (2) The board shall design a plan of health insurance for
45 all current and future retirees that shall take effect from and
46 after January 1, 2003. The plan may include coverage for the
47 spouse, surviving beneficiary and dependent children of retirees
48 and other such sponsored dependents as the board considers
49 appropriate; however, the subsidy provided for in this section
50 shall apply only to the cost of providing coverage to retirees.
51 Initially, the plan shall have benefits equivalent to those in the
52 State and School Employees Health Insurance Plan established in
53 Section 25-15-9; however, the board may modify the plan as
54 necessary to meet the needs of the members of the plan and to
55 maintain the fiscal soundness of the plan. The board may offer an
56 optional plan to retirees who are eligible for Medicare and any
57 additional cost of such plan shall be paid by the retiree electing
58 such optional coverage.

59 (3) (a) Retirees may decline coverage in the plan
60 established by this section, but they may later be included in the
61 plan if they apply for coverage during any open enrollment periods
62 that may be established by the board and can show, by evidence
63 considered sufficient to the board, that they were covered by
64 health insurance during the period of time that they were not
65 covered by the plan established by this section. The board may
66 adjust the amount of the subsidy for such persons and may limit
67 the number of times retirees who decline coverage who may be later
68 included in the plan.

69 (b) The board shall determine the manner in which
70 persons who elect continuation coverage under the federal
71 Consolidated Omnibus Budget Reconciliation Act of 1987 (COBRA)
72 shall be treated insofar as their eligibility for coverage under

73 the plan established pursuant to this section and the amount of
74 the subsidy for such persons.

75 (4) From and after January 1, 2003, the board shall
76 subsidize a portion of the cost of providing the plan of health
77 insurance to retirees. The amount of the subsidy provided for
78 each retiree shall be equal to a percentage of the annual cost of
79 providing coverage under the plan to such retiree as determined by
80 the board. Except as otherwise provided in this section, the
81 percentage amount of the subsidy shall be two percent (2%) for
82 each year of creditable service less any fronted service for
83 age-limited disability benefits of the retiree up to a maximum of
84 sixty percent (60%); provided, however, that for retirees who
85 retire and enroll before they reach the age of sixty (60), the
86 percentage amount of the subsidy shall be reduced and such reduced
87 percentage shall be calculated by multiplying the total percentage
88 amount of the subsidy without reduction by one (1) minus the
89 product of the number of years under the age of sixty (60) that
90 the retiree was at enrollment times three percent (3%). The
91 formula for the calculation of the reduced percentage is:

92 [subsidy percentage without reduction]x[1-(number of years below
93 60 at enrollment x .03)].

94 Once the percentage amount of the subsidy has been determined
95 under this subsection it may not be changed unless the retiree
96 returns to membership service and earns additional years of
97 creditable service or elects not to be enrolled in the plan for a
98 period of time.

99 (5) The amount of the subsidy for each disability retiree
100 shall be calculated in the same manner as other retirees. For
101 purposes of determining the amount that a disability retiree must
102 pay above the subsidy for coverage under the plan, the cost of
103 coverage for disability retirees shall be deemed to be the average
104 cost of providing coverage for other retirees as determined by the
105 board.

106 (6) Each retiree participating in the plan shall, by written
107 authorization, instruct the board to deduct from the retirement
108 allowance the portion of the premium that is not subsidized. The
109 amounts so deducted shall be handled by the board in the manner
110 provided for in subsection (8) of this section.

111 (7) From and after July 1, 2002, each employer shall pay
112 monthly to the board an amount equal to two and nineteen
113 one-hundredths percent (2.19%) of the total payroll of such
114 employer on which retirement contributions are made pursuant to
115 retirement plans administered by the Public Employees' Retirement
116 System.

117 (8) The board may establish and enforce late charges and
118 interest penalties or other penalties for the purpose of requiring
119 the prompt payment of all contributions required under this
120 section. After appropriation for administration expenses of the
121 program, all funds received by the board pursuant to this section
122 shall be held in a fund in the custody of the board. All such
123 funds held by the board shall be utilized for the purpose of
124 subsidizing the health insurance plan required to be established
125 by this section and shall be invested as provided in Section 2 of
126 this act.

127 (9) The board:

128 (a) Shall administer the plan.

129 (b) Shall have the sole authority to promulgate rules
130 and regulations governing the plan and shall be vested with all
131 legal authority necessary and proper to perform this function
132 including, but not limited to, defining the benefits provided by
133 the plan, requesting and accepting bids for services, establishing
134 premium rates and receiving premium payments.

135 (c) May enter into contracts with accountants,
136 actuaries and other persons whose skills are necessary to carry
137 out the provisions of this section.

138 (d) Is authorized to procure legal services if it deems
139 these services necessary to carry out its responsibilities under
140 this section.

141 SECTION 2. This section shall be codified as Section
142 25-11-145, Mississippi Code of 1972:

143 25-11-145. (1) In managing the funds received for the
144 insurance program established in Section 25-11-143, the board
145 shall, from time to time, determine the current requirements for
146 payments and administrative expense which shall be maintained as a
147 cash working balance, except that such cash working balance shall
148 not exceed at any time an amount necessary to meet the current
149 obligations of the fund for a period of ninety (90) days. Any
150 amounts in excess of such cash working balance shall be invested,
151 as follows, at such periodic intervals as the board may determine:

152 (a) Funds may be deposited in federally insured
153 institutions;

154 (b) Corporate and taxable municipal bonds of investment
155 grade as rated by Standard and Poor's or by Moody's Investment
156 Service, with bonds rated BAA/BBB not to exceed five percent (5%)
157 of the book value of the total fixed income investments, or
158 corporate short-term obligations of corporations or of
159 wholly-owned subsidiaries of corporations, whose short-term
160 obligations are rated A-3 or better by Standard and Poor's or
161 rated P-3 or better by Moody's Investment Service;

162 (c) Bonds of the Tennessee Valley Authority; bonds,
163 notes, certificates and other valid obligations of the United
164 States, and other valid obligations of any federal instrumentality
165 that issues securities under authority of an act of
166 Congress and are exempt from registration with the Securities and
167 Exchange Commission; bonds, notes, debentures and other securities
168 issued by any federal instrumentality and fully guaranteed by the
169 United States;

170 (d) Interest-bearing bonds or notes which are general
171 obligations of any other state in the United States or of any city
172 or county therein, provided that such state, city or county has
173 not defaulted for a period longer than thirty (30) days in the
174 payment of principal or interest on any of its general obligation
175 indebtedness during a period of ten (10) calendar years
176 immediately preceding such investment;

177 (e) Shares of stocks, common and/or preferred, of
178 corporations created by, or existing under, the laws of the United
179 States or any state, district or territory thereof; provided:

180 (i) The maximum investments in stocks shall not
181 exceed fifty percent (50%) of the book value of the total
182 investment fund;

183 (ii) The stock of such corporation shall be listed
184 on a national stock exchange, or be traded in the over-the-counter
185 market;

186 (iii) The outstanding shares of such corporation
187 shall have a total market value of not less than Fifty Million
188 Dollars (\$50,000,000.00);

189 (iv) The amount of investment in any one (1)
190 corporation shall not exceed three percent (3%) of the book value
191 of the total investment fund; and

192 (v) The shares of any one (1) corporation owned by
193 the fund shall not exceed five percent (5%) of that corporation's
194 outstanding stock.

195 (f) Bonds rated Single A or better, stocks and
196 convertible securities of established non-United States companies,
197 and in foreign government securities rated Single A or better by a
198 recognized rating agency; provided that the total book value of
199 investments under this paragraph shall at no time exceed thirty
200 percent (30%) of the total book value of the total investment
201 fund. The board may take requisite action to effectuate or hedge
202 such transactions through foreign or domestic banks, including the

203 purchase and sale, transfer, exchange, or otherwise disposal of,
204 and generally deal in foreign exchange through the use of foreign
205 currency, interbank forward contracts, futures contracts, options
206 contracts, swaps and other related derivative instruments.

207 (g) Covered call and put options on securities traded
208 on one or more of the regulated exchanges.

209 (h) Pooled or commingled funds managed by a corporate
210 trustee or by a Securities and Exchange Commission registered
211 investment advisory firm retained as an investment manager by the
212 board of trustees, and shares of investment companies and unit
213 investment trusts registered under the Investment Company Act of
214 1940, where such pooled or commingled funds or shares are
215 comprised of common or preferred stocks, bonds, money market
216 instruments or other investments authorized under this section.
217 Such investment in commingled funds or shares shall be held in
218 trust. Any investment manager approved by the board of trustees
219 shall invest such commingled funds or shares as a fiduciary.

220 (i) Pooled or commingled real estate funds or real
221 estate securities managed by a corporate trustee or by a
222 Securities and Exchange Commission registered investment advisory
223 firm retained as an investment manager by the board of trustees.
224 Such investment in commingled funds or shares shall be held in
225 trust; provided that the total book value of investments under
226 this paragraph shall at no time exceed five percent (5%) of the
227 total book value of all investments of the total investment fund.
228 Any investment manager approved by the board of trustees shall
229 invest such commingled funds or shares as a fiduciary.

230 (2) All investments shall be acquired at prices not
231 exceeding the prevailing market values for such securities.

232 (3) Any limitations herein set forth shall be applicable
233 only at the time of purchase and shall not require the liquidation
234 of any investment at any time. All investments shall be clearly

235 marked to indicate ownership by the fund and to the extent
236 possible shall be registered in the name of the fund.

237 (4) Subject to the above terms, conditions, limitations and
238 restrictions, the board shall have power to sell, assign, transfer
239 and dispose of any of the securities and investments of the fund;
240 provided that said sale, assignment or transfer has the majority
241 approval of the entire board. The board may employ or contract
242 with investment managers, evaluation services or other such
243 services as determined by the board to be necessary for the
244 effective and efficient operation of the fund.

245 (5) Except as otherwise provided herein, no trustee and no
246 employee of the board shall have any direct or indirect interest
247 in the income, gains or profits of any investment made by the
248 board, nor shall any such person receive any pay or emolument for
249 his services in connection with any investment made by the board.
250 No trustee or employee of the board shall become an endorser or
251 surety, or in any manner an obligor for money loaned by or
252 borrowed from the fund.

253 (6) All interest derived from investments and any gains from
254 the sale or exchange of investments shall be credited by the board
255 to the account of the fund.

256 (7) The board of trustees shall be the custodian and
257 fiduciary of the fund.

258 (8) For the purpose of meeting disbursements cash may be
259 kept available, not exceeding the requirements of the fund for a
260 period of ninety (90) days, on deposit in one or more banks or
261 trust companies organized under the laws of the State of
262 Mississippi or the laws of the United States, provided that the
263 sum on deposit in any one (1) bank or trust company shall not
264 exceed thirty-five percent (35%) of the paid-up capital and
265 regular surplus of such bank or trust company.

266 (9) The board of trustees shall determine the degree of
267 collateralization necessary for both foreign and domestic demand

268 deposit accounts in addition to that which is guaranteed by the
269 Federal Deposit Insurance Corporation or such other federal
270 insurance program as may be in effect.

271 (10) The board, the executive director and employees shall
272 discharge their duties with respect to the investments of the
273 system solely for the interest of the fund with the care, skill,
274 prudence and diligence under the circumstances then prevailing
275 that a prudent person acting in a like capacity and familiar with
276 such matters would use in the conduct of an enterprise of a like
277 character and with like aims, including diversifying the
278 investments of the system so as to minimize the risk of large
279 losses, unless under the circumstances it is clearly prudent not
280 to do so.

281 (11) Investment management fees and costs shall be paid from
282 the fund.

283 SECTION 3. Section 25-15-3, Mississippi Code of 1972, is
284 amended as follows:

285 25-15-3. For the purposes of this article, the words and
286 phrases used herein shall have the following meanings:

287 (a) "Employee" means a person who works full time for
288 the State of Mississippi and receives his compensation in a direct
289 payment from a department, agency or institution of the state
290 government and any person who works full time for any school
291 district, community/junior college, public library or
292 university-based program authorized under Section 37-23-31 for
293 deaf, aphasic and emotionally disturbed children or any regular
294 nonstudent bus driver. This shall include legislators, employees
295 of the legislative branch and the judicial branch of the state and
296 "employees" shall include full-time salaried judges and full-time
297 district attorneys and their staff and full-time compulsory school
298 attendance officers. For the purposes of this article, any
299 "employee" making contributions to the State of Mississippi
300 retirement plan shall be considered a full-time employee.

301 (b) "Department" means the Department of Finance and
302 Administration.

303 (c) "Plan" means the State and School Employees Life
304 and Health Insurance Plan created under this article.

305 (d) "Fund" means the State and School Employees
306 Insurance Fund set up under this article.

307 * * *

308 (e) "Board" means the State and School Employees Health
309 Insurance Management Board created under Section 25-15-303.

310 SECTION 4. Section 25-15-9, Mississippi Code of 1972, is
311 amended as follows:

312 25-15-9. (1) (a) The board shall design a plan of health
313 insurance for state employees which provides benefits for
314 semiprivate rooms in addition to other incidental coverages which
315 the board deems necessary. The amount of the coverages shall be
316 in such reasonable amount as may be determined by the board to be
317 adequate, after due consideration of current health costs in
318 Mississippi. The plan shall also include major medical benefits
319 in such amounts as the board shall determine. The board is also
320 authorized to accept bids for such alternate coverage and optional
321 benefits as the board shall deem proper. Any contract for
322 alternative coverage and optional benefits shall be awarded by the
323 board after it has carefully studied and evaluated the bids and
324 selected the best and most cost-effective bid. The board may
325 reject all such bids; however, the board shall notify all bidders
326 of the rejection and shall actively solicit new bids if all bids
327 are rejected. The board may employ or contract for such
328 consulting or actuarial services as may be necessary to formulate
329 the plan, and to assist the board in the preparation of
330 specifications and in the process of advertising for the bids for
331 the plan. Such contracts shall be solicited and entered into in
332 accordance with Section 25-15-5. The board shall keep a record of
333 all persons, agents and corporations who contract with or assist

334 the board in preparing and developing the plan. The board in a
335 timely manner shall provide copies of this record to the members
336 of the advisory council created in this section and those
337 legislators, or their designees, who may attend meetings of the
338 advisory council. The board shall provide copies of this record
339 in the solicitation of bids for the administration or servicing of
340 the self-insured program. Each person, agent or corporation
341 which, during the previous fiscal year, has assisted in the
342 development of the plan or employed or compensated any person who
343 assisted in the development of the plan, and which bids on the
344 administration or servicing of the plan, shall submit to the board
345 a statement accompanying the bid explaining in detail its
346 participation with the development of the plan. This statement
347 shall include the amount of compensation paid by the bidder to any
348 such employee during the previous fiscal year. The board shall
349 make all such information available to the members of the advisory
350 council and those legislators, or their designees, who may attend
351 meetings of the advisory council before any action is taken by the
352 board on the bids submitted. The failure of any bidder to fully
353 and accurately comply with this paragraph shall result in the
354 rejection of any bid submitted by that bidder or the cancellation
355 of any contract executed when the failure is discovered after the
356 acceptance of that bid. The board is authorized to promulgate
357 rules and regulations to implement the provisions of this
358 subsection.

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

362 Any corporation, association, company or individual that
363 contracts with the board for the third-party claims administration
364 of the self-insured plan shall prepare and keep on file an
365 explanation of benefits for each claim processed. The explanation
366 of benefits shall contain such information relative to each

367 processed claim which the board deems necessary, and, at a
368 minimum, each explanation shall provide the claimant's name, claim
369 number, provider number, provider name, service dates, type of
370 services, amount of charges, amount allowed to the claimant and
371 reason codes. The information contained in the explanation of
372 benefits shall be available for inspection upon request by the
373 board. The board shall have access to all claims information
374 utilized in the issuance of payments to employees and providers.

375 (b) There is created an advisory council to advise the
376 board in the formulation of the State and School Employees Health
377 Insurance Plan. The council shall be composed of the State
378 Insurance Commissioner or his designee, an employee-representative
379 of the institutions of higher learning appointed by the board of
380 trustees thereof, an employee-representative of the Department of
381 Transportation appointed by the director thereof, an
382 employee-representative of the State Tax Commission appointed by
383 the Commissioner of Revenue, an employee-representative of the
384 Mississippi Department of Health appointed by the State Health
385 Officer, an employee-representative of the Mississippi Department
386 of Corrections appointed by the Commissioner of Corrections, and
387 an employee-representative of the Department of Human Services
388 appointed by the Executive Director of Human Services, two (2)
389 certificated public school administrators appointed by the State
390 Board of Education, two (2) certificated classroom teachers
391 appointed by the State Board of Education, a noncertificated
392 school employee appointed by the State Board of Education and a
393 community/junior college employee appointed by the State Board for
394 Community and Junior Colleges.

395 The Lieutenant Governor may designate the Secretary of the
396 Senate, the Chairman of the Senate Appropriations Committee, the
397 Chairman of the Senate Education Committee and the Chairman of the
398 Senate Insurance Committee, and the Speaker of the House of
399 Representatives may designate the Clerk of the House, the Chairman

400 of the House Appropriations Committee, the Chairman of the House
401 Education Committee and the Chairman of the House Insurance
402 Committee, to attend any meeting of the State and School Employees
403 Insurance Advisory Council. The appointing authorities may
404 designate an alternate member from their respective houses to
405 serve when the regular designee is unable to attend such meetings
406 of the council. Such designees shall have no jurisdiction or vote
407 on any matter within the jurisdiction of the council. For
408 attending meetings of the council, such legislators shall receive
409 per diem and expenses which shall be paid from the contingent
410 expense funds of their respective houses in the same amounts as
411 provided for committee meetings when the Legislature is not in
412 session; however, no per diem and expenses for attending meetings
413 of the council will be paid while the Legislature is in session.
414 No per diem and expenses will be paid except for attending
415 meetings of the council without prior approval of the proper
416 committee in their respective houses.

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

427 * * *

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

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

437 Benefits for hospital or surgical or medical benefits shall
438 be reduced by any similar benefits payable by workers'
439 compensation.

440 (3) (a) Schedule of life insurance benefits--group term:
441 The amount of term life insurance for each active employee of a
442 department, agency or institution of the state government shall
443 not be in excess of One Hundred Thousand Dollars (\$100,000.00), or
444 twice the amount of the employee's annual wage to the next highest
445 One Thousand Dollars (\$1,000.00), whichever may be less, but in no
446 case less than Thirty Thousand Dollars (\$30,000.00), with a like
447 amount for accidental death and dismemberment on a
448 twenty-four-hour basis. * * *

449 (b) Effective October 1, 1999, schedule of life
450 insurance benefits--group term: The amount of term life insurance
451 for each active employee of any school district, community/junior
452 college, public library or university-based program authorized
453 under Section 37-23-31 for deaf, aphasic and emotionally disturbed
454 children or any regular nonstudent bus driver shall not be in
455 excess of One Hundred Thousand Dollars (\$100,000.00), or twice the
456 amount of the employee's annual wage to the next highest One
457 Thousand Dollars (\$1,000.00), whichever may be less, but in no
458 case less than Thirty Thousand Dollars (\$30,000.00), with a like
459 amount for accidental death and dismemberment on a
460 twenty-four-hour basis. The plan will further contain a premium
461 waiver provision if a covered employee of any school district,
462 community/junior college, public library or university-based
463 program authorized under Section 37-23-31 for deaf, aphasic and
464 emotionally disturbed children or any regular nonstudent bus

465 driver becomes totally and permanently disabled prior to age
466 sixty-five (65) years. * * *

467 (4) Any eligible employee who on March 1, 1971, was
468 participating in a group life insurance program which has
469 provisions different from those included herein and for which the
470 State of Mississippi was paying a part of the premium may, at his
471 discretion, continue to participate in such plan. Such employee
472 shall pay in full all additional costs, if any, above the minimum
473 program established by this article. Under no circumstances shall
474 any individual who begins employment with the state after March 1,
475 1971, be eligible for the provisions of this paragraph.

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

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

484 (7) On October 1, 1999, any school district,
485 community/junior college district or public library may elect to
486 remain with an existing policy or policies of group life insurance
487 with an insurance company approved by the State and School
488 Employees Health Insurance Management Board, in lieu of
489 participation in the State and School Life Insurance Plan. The
490 state's contribution of up to fifty percent (50%) of the active
491 employee's premium under the State and School Life Insurance Plan
492 may be applied toward the cost of coverage for full-time employees
493 participating in the approved life insurance company group plan.
494 For purposes of this subsection (7), "life insurance company group
495 plan" means a plan administered or sold by a private insurance
496 company. After October 1, 1999, the board may assess charges in
497 addition to the existing State and School Life Insurance Plan

498 rates to such employees as a condition of enrollment in the State
499 and School Life Insurance Plan. In order for any life insurance
500 company group plan existing as of October 1, 1999, to be approved
501 by the State and School Employees Health Insurance Management
502 Board under this subsection (7), it shall meet the following
503 criteria:

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

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

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

516 (d) The insurance company group life insurance plan
517 shall have one (1) composite rate per One Thousand Dollars
518 (\$1,000.00) of coverage for active employees regardless of
519 age * * *.

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

528 SECTION 5. Section 25-15-11, Mississippi Code of 1972, is
529 amended as follows:

530 25-15-11. (1) The board is authorized to execute a contract
531 or contracts to provide the benefits under the plan. Such
532 contract or contracts may be executed with one or more
533 corporations or associations licensed to transact life and
534 accident and health insurance business in this state; however, no
535 such contract shall be executed with any corporation, association
536 or company domiciled in any other state except that such
537 corporation, association or company shall meet the conditions and
538 terms for a like contract established by the state of the domicile
539 of such corporation, association or company for a Mississippi
540 corporation, association or company. No corporation, association
541 or company with less than five (5) years' experience in the life
542 and health field may bid. All of the benefits to be provided
543 under the plan may be included in one or more similar contracts,
544 or the benefits may be classified into different types with each
545 type included under one or more similar contracts issued by the
546 same or different companies.

547 The board shall supply the statistical information upon which
548 a quotation is to be calculated, upon request, to all carriers
549 licensed in the state. Bids may be accepted at the discretion of
550 the board, and the board shall have the right to adjust rates on
551 an annual basis if the board shall deem such adjustment necessary.
552 The plan for active employees shall be on retention accounting
553 basis * * *. Any additional written information the carrier
554 wishes to submit, supporting the proposed benefits and premium
555 rate, may accompany the proposal. After receiving the proposals,
556 the board shall determine whether to contract with the carrier
557 which has been determined to have submitted the lowest and best
558 bid, or to reject all such bids and receive new proposals.

559 The board shall authorize any corporation licensed to
560 transact accident and health insurance business in this state
561 issuing any such contract to reinsure portions of such contract
562 with any other such corporation which elected to be a reinsurer

563 and is legally competent to enter into a reinsurance agreement.
564 The board may designate one or more of such corporations as the
565 administering corporation or corporations. Each employee who is
566 covered under any such contract or contracts shall receive a
567 certificate setting forth the benefits to which the employee is
568 entitled thereunder, to whom such benefits shall be payable, to
569 whom claims should be submitted, and summarizing the provisions of
570 the contract principally affecting the employee. Such certificate
571 shall be in lieu of the certificate which the corporation or
572 corporations issuing such contract or contracts would otherwise
573 issue.

574 The board may, as of the end of any contract year,
575 discontinue any contract or contracts it has executed with any
576 corporation or corporations and replace it or them with a contract
577 or contracts in any other corporation or corporations meeting the
578 requirements of this section.

579 The board may reject any and all bids and contracts under
580 this section and may elect for the state to become a self-insurer;
581 however, administration and service of any such self-insured
582 program may be contracted to a third party by the board.

583 Any contract with a third party to administer the plan shall
584 be bid and entered into in accordance with the procedures provided
585 in Section 25-15-301.

586 (2) By September 30 of each year, the board shall report to
587 the Joint Legislative Budget Committee, Senate Insurance
588 Committee, House Insurance Committee, Senate Education Committee,
589 House Education Committee and Joint Legislative Committee on
590 Performance Evaluation and Expenditure Review the condition of the
591 State and School Employees Life and Health Insurance Plan. Such
592 report shall contain for the most recently completed fiscal year,
593 but not be limited to, the following:

594 (a) The plan's financial condition at the close of the
595 fiscal year.

596 (b) The history of yearly claims paid and premiums
597 received for each premium class, including, but not limited to,
598 active employees and dependents * * *.

599 (c) The history of loss ratios for the active employees
600 and dependents * * * premium classes as well as historical trend
601 of such ratios. For the purposes of this section, the term "loss
602 ratios" means claims paid by the plan for each premium class
603 divided by premiums received by the plan for insurance coverage of
604 the members in that premium class.

605 (d) Budgetary information, including:

606 (i) A detailed breakdown of all expenditures of
607 the plan, administrative and otherwise, for the most recently
608 completed fiscal year and projected expenditures, administrative
609 and otherwise, for the current and next fiscal year;

610 (ii) A schedule of all contracts, administrative
611 and otherwise, executed for the benefit of the plan during the
612 most recent completed fiscal year and those executed and
613 anticipated for the current fiscal year; and

614 (iii) A description of the processes used by the
615 board to procure all contracts, administrative and otherwise, as
616 well as a description of the scope of services to be provided by
617 each contractor.

618 Budgetary information shall be provided in a format
619 designated by the Joint Legislative Budget Committee.

620 The Joint Legislative Budget Committee, Senate Insurance
621 Committee, House Insurance Committee, Senate Education Committee,
622 House Education Committee and Joint Legislative Committee on
623 Performance Evaluation and Expenditure Review may request
624 additional information or reports from the board on an as-needed
625 basis.

626 (3) Annually, the board shall request, and the Department of
627 Audit shall conduct, a comprehensive audit of the State and School
628 Employees Life and Health Insurance Plan. For purposes of this

629 section, the audit required herein shall be separate and distinct
630 from any audit prepared in conjunction with the development of the
631 Comprehensive Annual Financial Report (CAFR).

632 SECTION 6. Section 25-15-14, Mississippi Code of 1972, is
633 amended as follows:

634 25-15-14. Any elected state or district official who does
635 not run for reelection or who is defeated before being entitled to
636 receive a retirement allowance shall be eligible to continue to
637 participate in the State and School Employees Health Insurance
638 Plan and shall be required to pay the cost of such coverage.

639 SECTION 7. Section 25-15-15, Mississippi Code of 1972, is
640 amended as follows:

641 25-15-15. (1) The board is authorized to determine the
642 manner in which premiums and contributions by the state agencies,
643 local school districts, colleges, universities, community/junior
644 colleges and public libraries shall be collected to provide the
645 self-insured health insurance program for employees as provided
646 under this article. The state shall provide fifty percent (50%)
647 of the cost of the above life insurance plan and one hundred
648 percent (100%) of the cost of the above health insurance plan for
649 all active full-time employees, and the employees shall be given
650 the opportunity to purchase coverage for their eligible dependents
651 with the premiums for such dependent coverage as well as the
652 employee's fifty percent (50%) share for his life insurance
653 coverage to be deductible from the employee's salary by the
654 agency, department or institution head, which deductions, together
655 with the fifty percent (50%) share of such life insurance premiums
656 of such employing agency, department or institution head from
657 funds appropriated to or authorized to be expended by such
658 employing agency, department or institution head, shall be
659 deposited directly into a depository bank or special fund in the
660 State Treasury, as determined by the board. These funds and

661 interest earned on these funds may be used for the disbursement of
662 claims and shall be exempt from the appropriation process.

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

679 (3) The state shall annually provide one hundred percent
680 (100%) of the cost of the health insurance plan for all public
681 school district employees who work no less than twenty (20) hours
682 during each week and regular nonstudent school bus drivers. Where
683 federal funding is allowable to defray, in full or in part, the
684 cost of participation in the program by district employees who
685 work no less than twenty (20) hours during the week and regular
686 nonstudent bus drivers, whose salaries are paid, in full or in
687 part, by federal funds, the allowance under this section shall be
688 reduced to the extent of such federal funding. Where the use of
689 federal funds is allowable but not available, it is the intent of
690 the Legislature that school districts contribute the cost of
691 participation for such employees from local funds, except that
692 parent fees for child nutrition programs shall not be increased to
693 cover such cost.

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

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

709 (6) Any community/junior college district may contribute to
710 the cost of coverage for any district employee from local
711 community/junior college district funds, and any public school
712 district may contribute to the cost of coverage for any district
713 employee from nonminimum program funds. Any part of the cost of
714 such coverage for participating employees of public school
715 districts and public community/junior college districts that is
716 not paid by the state shall be paid by the participating
717 employees, which shall be deducted from the salaries of the
718 employees in a manner determined by the board.

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

724 (8) The board may establish and enforce late charges and
725 interest penalties or other penalties for the purpose of requiring
726 the prompt payment of all premiums for life and health insurance

727 permitted under Chapter 15 of Title 25. All funds in excess of
728 the amount needed for disbursement of claims shall be deposited in
729 a special fund in the State Treasury to be known as the State and
730 School Employees Insurance Fund. The State Treasurer shall invest
731 all funds in the State and School Employees Insurance Fund and all
732 interest earned shall be credited to the State and School
733 Employees Insurance Fund. Such funds shall be placed with one or
734 more depositories of the state and invested on the first day such
735 funds are available for investment in certificates of deposit,
736 repurchase agreements or in United States Treasury bills or as
737 otherwise authorized by law for the investment of Public
738 Employees' Retirement System funds, as long as such investment is
739 made from competitive offering and at the highest and best market
740 rate obtainable consistent with any available investment
741 alternatives; however, such investments shall not be made in
742 shares of stock, common or preferred, or in any other investments
743 which would mature more than one (1) year from the date of
744 investment. The board shall have the authority to draw from this
745 fund periodically such funds as are necessary to operate the
746 self-insurance plan or to pay to the insurance carrier the cost of
747 operation of this plan, it being the purpose to limit the amount
748 of participation by the state to fifty percent (50%) of the cost
749 of the life insurance program and not to limit the contracting for
750 additional benefits where the cost will be paid in full by the
751 employee. * * *

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

756 * * *

757 SECTION 8. Section 25-15-103, Mississippi Code of 1972, is
758 amended as follows:

759 25-15-103. The maximum amount of group insurance or other
760 coverage used in determining employer's limitation of one hundred
761 percent (100%) of such costs shall be determined by regulations
762 promulgated by the governing board or head of any political
763 subdivision, school district, junior college district,
764 institution, department or agency named in Sections 25-15-101 and
765 25-15-103, but the life insurance for each employee shall not
766 exceed Fifty Thousand Dollars (\$50,000.00), or the amount of
767 deduction allowed by the United States Internal Revenue Service in
768 filing a federal tax return, whichever is greater. A like amount
769 may be for accidental death, accident, health and salary
770 protection insurance, providing benefits not exceeding sixty
771 percent (60%) of the employee's income, or the amount allowed by
772 the United States Internal Revenue Service in filing a federal tax
773 return, whichever is greater. Hospitalization benefits for room
774 and board may not exceed the average semiprivate cost per day; and
775 the other coverages authorized hereinabove. The limitations in
776 this paragraph on the amount of group insurance and other coverage
777 which employers may obtain for their employees shall not be
778 applicable to municipalities.

779 * * *

780 When any of the political subdivisions, school districts,
781 junior college districts, institutions, departments or agencies
782 named in Sections 25-15-101 and 25-15-103 have adopted the group
783 coverage plan authorized by said sections, any of the employees
784 thereof participating in the plan who desire to secure additional
785 benefits for their dependents with the company or companies
786 providing such group coverage may do so by authorizing in writing
787 the deduction from his or her salary or wages of the necessary
788 amounts for the full payment of such additional coverage, and the
789 same may be deducted and paid for such purposes, but the entire
790 cost of such additional coverage for dependents shall be paid by
791 the employee.

792 Said municipality may provide group life insurance coverage
793 for all or specified groups of its public employees and group
794 hospitalization benefits for such public employees and their
795 dependents, and the municipality may pay the total of the cost of
796 all benefits under this section.

797 SECTION 9. Section 25-11-141, Mississippi Code of 1972, is
798 amended as follows:

799 25-11-141. The board of trustees may enter into an agreement
800 with insurance companies * * * or government agencies authorized
801 to do business in the state for issuance of a policy or contract
802 of life, dental, vision or other similar benefits, or any
803 combination thereof, for those persons receiving a service,
804 disability or survivor retirement allowance from any system
805 administered by the board. Notwithstanding any other provision of
806 this chapter, the policy or contract also may include coverage for
807 the spouse and dependent children of such eligible person and for
808 such sponsored dependents as the board considers appropriate. If
809 all or any portion of the policy or contract premium is to be paid
810 by any person receiving a service, disability or survivor
811 retirement allowance, such person shall, by written authorization,
812 instruct the board to deduct from the retirement allowance the
813 premium cost and to make payments to such companies, associations,
814 corporations or agencies.

815 The board may contract for such coverage on the basis that
816 the cost of the premium for the coverage will be paid by the
817 person receiving a retirement allowance.

818 The board is authorized to accept bids for such optional
819 coverage and benefits and to make all necessary rules pursuant to
820 the purpose and intent of this section.

821 SECTION 10. Sections 1 and 2 of this act shall take effect
822 from and after July 1, 2001. The remainder of this act shall take
823 effect from and after January 1, 2003.