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

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

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

25-11-143. (1) As used in this act "retiree" means any person receiving a service or disability retirement benefit from any system administered by the board; provided, however, that in the case of persons participating in the optional retirement plan...
established in Section 25-11-401 et seq., the term "retiree" shall include only those persons who would be entitled to receive a retirement allowance under the provisions of Section 25-11-111 if they were not members of such optional retirement plan.

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

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

(b) The board shall determine the manner in which persons who elect continuation coverage under the federal Consolidated Omnibus Budget Reconciliation Act of 1987 (COBRA) shall be treated insofar as their eligibility for coverage under
the plan established pursuant to this section and the amount of
the subsidy for such persons.

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

\[
\text{[subsidy percentage without reduction]} \times [1 - (\text{number of years below 60 at enrollment}\times 0.03)].
\]

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

(5) The amount of the subsidy for each disability retiree
shall be calculated in the same manner as other retirees. For
purposes of determining the amount that a disability retiree must
pay above the subsidy for coverage under the plan, the cost of
coverage for disability retirees shall be deemed to be the average
cost of providing coverage for other retirees as determined by the
board.
(6) Each retiree participating in the plan shall, by written authorization, instruct the board to deduct from the retirement allowance the portion of the premium that is not subsidized. The amounts so deducted shall be handled by the board in the manner provided for in subsection (8) of this section.

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

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

(9) The board:
   (a) Shall administer the plan.
   (b) Shall have the sole authority to promulgate rules and regulations governing the plan and shall be vested with all legal authority necessary and proper to perform this function including, but not limited to, defining the benefits provided by the plan, requesting and accepting bids for services, establishing premium rates and receiving premium payments.
   (c) May enter into contracts with accountants, actuaries and other persons whose skills are necessary to carry out the provisions of this section.
(d) Is authorized to procure legal services if it deems these services necessary to carry out its responsibilities under this section.

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

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

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

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

(c) Bonds of the Tennessee Valley Authority; bonds, notes, certificates and other valid obligations of the United States, and other valid obligations of any federal instrumentality that issues securities under authority of an act of Congress and are exempt from registration with the Securities and Exchange Commission; bonds, notes, debentures and other securities issued by any federal instrumentality and fully guaranteed by the United States;
(d) Interest-bearing bonds or notes which are general obligations of any other state in the United States or of any city or county therein, provided that such state, city or county has not defaulted for a period longer than thirty (30) days in the payment of principal or interest on any of its general obligation indebtedness during a period of ten (10) calendar years immediately preceding such investment;

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

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

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

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

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

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

(f) Bonds rated Single A or better, stocks and convertible securities of established non-United States companies, and in foreign government securities rated Single A or better by a recognized rating agency; provided that the total book value of investments under this paragraph shall at no time exceed thirty percent (30%) of the total book value of the total investment fund. The board may take requisite action to effectuate or hedge such transactions through foreign or domestic banks, including the
purchase and sale, transfer, exchange, or otherwise disposal of, and generally deal in foreign exchange through the use of foreign
currency, interbank forward contracts, futures contracts, options contracts, swaps and other related derivative instruments.

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

(h) Pooled or commingled funds managed by a corporate trustee or by a Securities and Exchange Commission registered investment advisory firm retained as an investment manager by the board of trustees, and shares of investment companies and unit investment trusts registered under the Investment Company Act of 1940, where such pooled or commingled funds or shares are comprised of common or preferred stocks, bonds, money market instruments or other investments authorized under this section.

Such investment in commingled funds or shares shall be held in trust. Any investment manager approved by the board of trustees shall invest such commingled funds or shares as a fiduciary.

(i) Pooled or commingled real estate funds or real estate securities managed by a corporate trustee or by a Securities and Exchange Commission registered investment advisory firm retained as an investment manager by the board of trustees.

Such investment in commingled funds or shares shall be held in trust; provided that the total book value of investments under this paragraph shall at no time exceed five percent (5%) of the total book value of all investments of the total investment fund. Any investment manager approved by the board of trustees shall invest such commingled funds or shares as a fiduciary.

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

(3) Any limitations herein set forth shall be applicable only at the time of purchase and shall not require the liquidation of any investment at any time. All investments shall be clearly
marked to indicate ownership by the fund and to the extent possible shall be registered in the name of the fund.

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

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

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

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

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

(9) The board of trustees shall determine the degree of collateralization necessary for both foreign and domestic demand.
deposit accounts in addition to that which is guaranteed by the Federal Deposit Insurance Corporation or such other federal insurance program as may be in effect.

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

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

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

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

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

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

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

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

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

25-15-9. (1) (a) The board shall design a plan of health insurance for state employees which provides benefits for semiprivate rooms in addition to other incidental coverages which the board deems necessary. The amount of the coverages shall be in such reasonable amount as may be determined by the board to be adequate, after due consideration of current health costs in Mississippi. The plan shall also include major medical benefits in such amounts as the board shall determine. The board is also authorized to accept bids for such alternate coverage and optional benefits as the board shall deem proper. Any contract for alternative coverage and optional benefits shall be awarded by the board after it has carefully studied and evaluated the bids and selected the best and most cost-effective bid. The board may reject all such bids; however, the board shall notify all bidders of the rejection and shall actively solicit new bids if all bids are rejected. The board may employ or contract for such consulting or actuarial services as may be necessary to formulate the plan, and to assist the board in the preparation of specifications and in the process of advertising for the bids for the plan. Such contracts shall be solicited and entered into in accordance with Section 25-15-5. The board shall keep a record of all persons, agents and corporations who contract with or assist...
the board in preparing and developing the plan. The board in a
timely manner shall provide copies of this record to the members
of the advisory council created in this section and those
legislators, or their designees, who may attend meetings of the
advisory council. The board shall provide copies of this record
in the solicitation of bids for the administration or servicing of
the self-insured program. Each person, agent or corporation
which, during the previous fiscal year, has assisted in the
development of the plan or employed or compensated any person who
assisted in the development of the plan, and which bids on the
administration or servicing of the plan, shall submit to the board
a statement accompanying the bid explaining in detail its
participation with the development of the plan. This statement
shall include the amount of compensation paid by the bidder to any
such employee during the previous fiscal year. The board shall
make all such information available to the members of the advisory
council and those legislators, or their designees, who may attend
meetings of the advisory council before any action is taken by the
board on the bids submitted. The failure of any bidder to fully
and accurately comply with this paragraph shall result in the
rejection of any bid submitted by that bidder or the cancellation
of any contract executed when the failure is discovered after the
acceptance of that bid. The board is authorized to promulgate
rules and regulations to implement the provisions of this
subsection.

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

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

(b) There is created an advisory council to advise the board in the formulation of the State and School Employees Health Insurance Plan. The council shall be composed of the State Insurance Commissioner or his designee, an employee-representative of the institutions of higher learning appointed by the board of trustees thereof, an employee-representative of the Department of Transportation appointed by the director thereof, an employee-representative of the State Tax Commission appointed by the Commissioner of Revenue, an employee-representative of the Mississippi Department of Health appointed by the State Health Officer, an employee-representative of the Mississippi Department of Corrections appointed by the Commissioner of Corrections, and an employee-representative of the Department of Human Services appointed by the Executive Director of Human Services, two (2) certificated public school administrators appointed by the State Board of Education, two (2) certificated classroom teachers appointed by the State Board of Education, a noncertificated school employee appointed by the State Board of Education and a community/junior college employee appointed by the State Board for Community and Junior Colleges.

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

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

* * *

(2) Nonduplication of benefits—reduction of benefits by Title XIX benefits: When benefits would be payable under more than one (1) group plan, benefits under those plans will be coordinated to the extent that the total benefits under all plans will not exceed the total expenses incurred.
Benefits for hospital or surgical or medical benefits shall be reduced by any similar benefits payable in accordance with Title XIX of the Social Security Act or under any amendments thereto, or any implementing legislation.

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 5. Section 25-15-11, Mississippi Code of 1972, is amended as follows:
25-15-11. (1) The board is authorized to execute a contract or contracts to provide the benefits under the plan. Such contract or contracts may be executed with one or more corporations or associations licensed to transact life and accident and health insurance business in this state; however, no such contract shall be executed with any corporation, association or company domiciled in any other state except that such corporation, association or company shall meet the conditions and terms for a like contract established by the state of the domicile of such corporation, association or company for a Mississippi corporation, association or company. No corporation, association or company with less than five (5) years' experience in the life and health field may bid. All of the benefits to be provided under the plan may be included in one or more similar contracts, or the benefits may be classified into different types with each type included under one or more similar contracts issued by the same or different companies.

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

The board shall authorize any corporation licensed to transact accident and health insurance business in this state issuing any such contract to reinsure portions of such contract with any other such corporation which elected to be a reinsurer.
and is legally competent to enter into a reinsurance agreement.

The board may designate one or more of such corporations as the
administering corporation or corporations. Each employee who is
covered under any such contract or contracts shall receive a
certificate setting forth the benefits to which the employee is
entitled thereunder, to whom such benefits shall be payable, to
whom claims should be submitted, and summarizing the provisions of
the contract principally affecting the employee. Such certificate
shall be in lieu of the certificate which the corporation or
corporations issuing such contract or contracts would otherwise
issue.

The board may, as of the end of any contract year,

discontinue any contract or contracts it has executed with any
corporation or corporations and replace it or them with a contract
or contracts in any other corporation or corporations meeting the
requirements of this section.

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

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

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

(a) The plan's financial condition at the close of the
(b) The history of yearly claims paid and premiums received for each premium class, including, but not limited to, active employees and dependents.

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

(d) Budgetary information, including:

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

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

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

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

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

(3) Annually, the board shall request, and the Department of Audit shall conduct, a comprehensive audit of the State and School Employees Life and Health Insurance Plan. For purposes of this 
section, the audit required herein shall be separate and distinct from any audit prepared in conjunction with the development of the Comprehensive Annual Financial Report (CAFR).

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

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

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

25-15-15. (1) The board is authorized to determine the manner in which premiums and contributions by the state agencies, local school districts, colleges, universities, community/junior colleges and public libraries shall be collected to provide the self-insured health insurance program for employees as provided under this article. The state shall provide fifty percent (50%) of the cost of the above life insurance plan and one hundred percent (100%) of the cost of the above health insurance plan for all active full-time employees, and the employees shall be given the opportunity to purchase coverage for their eligible dependents with the premiums for such dependent coverage as well as the employee's fifty percent (50%) share for his life insurance coverage to be deductible from the employee's salary by the agency, department or institution head, which deductions, together with the fifty percent (50%) share of such life insurance premiums of such employing agency, department or institution head from funds appropriated to or authorized to be expended by such employing agency, department or institution head, shall be deposited directly into a depository bank or special fund in the State Treasury, as determined by the board. These funds and
interest earned on these funds may be used for the disbursement of claims and shall be exempt from the appropriation process.

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

(3) The state shall annually provide one hundred percent (100%) of the cost of the health insurance plan for all public school district employees who work no less than twenty (20) hours during each week and regular nonstudent school bus drivers. Where federal funding is allowable to defray, in full or in part, the cost of participation in the program by district employees who work no less than twenty (20) hours during the week and regular nonstudent bus drivers, whose salaries are paid, in full or in part, by federal funds, the allowance under this section shall be reduced to the extent of such federal funding. Where the use of federal funds is allowable but not available, it is the intent of the Legislature that school districts contribute the cost of participation for such employees from local funds, except that parent fees for child nutrition programs shall not be increased to cover such cost.
(4) The state shall provide annually, by line item in the community/junior college appropriation bill, such funds to pay one hundred percent (100%) of the cost of the health insurance plan for all community/junior college district employees who work no less than twenty (20) hours during each week.

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

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

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

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

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

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SECTION 8. Section 25-15-103, Mississippi Code of 1972, is
amended as follows:
25-15-103. The maximum amount of group insurance or other coverage used in determining employer's limitation of one hundred percent (100%) of such costs shall be determined by regulations promulgated by the governing board or head of any political subdivision, school district, junior college district, institution, department or agency named in Sections 25-15-101 and 25-15-103, but the life insurance for each employee shall not exceed Fifty Thousand Dollars ($50,000.00), or the amount of deduction allowed by the United States Internal Revenue Service in filing a federal tax return, whichever is greater. A like amount may be for accidental death, accident, health and salary protection insurance, providing benefits not exceeding sixty percent (60%) of the employee's income, or the amount allowed by the United States Internal Revenue Service in filing a federal tax return, whichever is greater. Hospitalization benefits for room and board may not exceed the average semiprivate cost per day; and the other coverages authorized hereinabove. The limitations in this paragraph on the amount of group insurance and other coverage which employers may obtain for their employees shall not be applicable to municipalities.

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When any of the political subdivisions, school districts, junior college districts, institutions, departments or agencies named in Sections 25-15-101 and 25-15-103 have adopted the group coverage plan authorized by said sections, any of the employees thereof participating in the plan who desire to secure additional benefits for their dependents with the company or companies providing such group coverage may do so by authorizing in writing the deduction from his or her salary or wages of the necessary amounts for the full payment of such additional coverage, and the same may be deducted and paid for such purposes, but the entire cost of such additional coverage for dependents shall be paid by the employee.
Said municipality may provide group life insurance coverage for all or specified groups of its public employees and group hospitalization benefits for such public employees and their dependents, and the municipality may pay the total of the cost of all benefits under this section.

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

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

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

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

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