HOUSE BILL NO. 54


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

SECTION 1. 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 may employ or contract for such consulting or actuarial services as may be necessary to formulate the plan ** * * *. 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. ** * * * 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 *** shall submit to the
board a statement *** explaining in detail its participation
with the development of the plan. This statement shall include
the amount of compensation paid *** 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 ***. 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.

No corporation, association, company or individual may
contract with the board for the third-party claims administration
of the self-insured plan. Any such contracts in effect on July 1,
2003, shall not be renewed, and all administration of the plan
shall be performed by the Department of Finance and
Administration. On or before July 1, 2003, the State Treasurer
shall transfer an amount not to exceed Two Hundred Million Dollars
($200,000,000.00) from the Health Care Expendable Fund established
by Section 43-13-407 to the State and School Employees Insurance
Fund created in Section 25-15-15(8). Such monies shall be used as
a one-time start-up capital for the in-house State and School
Employees Health Insurance Plan as provided in House Bill No.,
Regular Session 2002. The State Treasurer shall invest such funds
and any interest generated shall be credited to the special fund
in the State Treasury known as the State and School Employees
Insurance Fund. The Department of Finance and Administration may
request an appropriation in an amount not to exceed ninety percent
(90%) of the capital in the fund each fiscal year unless the fund
drops below Fifty Million Dollars ($50,000,000.00), at which time,
the Department of Finance and Administration may request an appropriation in an amount not to exceed One Hundred Fifty Million Dollars ($150,000,000.00) for purposes of keeping the plan solvent.

(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.

(d) Medical benefits for retired employees and
dependents under age sixty-five (65) years and not eligible for
Medicare benefits. The same health insurance coverage as for all
other active employees and their dependents shall be available to
retired employees and all dependents under age sixty-five (65)
years who are not eligible for Medicare benefits, the level of
benefits to be the same level as for all other active
participants. This section will apply to those employees who
retire due to one hundred percent (100%) medical disability as
well as those employees electing early retirement.
(e) **Medical benefits for retired employees and dependents over age sixty-five (65) years or otherwise eligible for Medicare benefits.** The health insurance coverage available to retired employees over age sixty-five (65) years or otherwise eligible for Medicare benefits, and all dependents over age sixty-five (65) years or otherwise eligible for Medicare benefits, shall be the major medical coverage with the lifetime maximum of One Million Dollars ($1,000,000.00). Benefits shall be reduced by Medicare benefits as though such Medicare benefits were the base plan.

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

(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. The plan will further contain a premium waiver provision if a covered employee becomes totally and permanently disabled prior to age sixty-five (65) years.

Employees retiring after June 30, 1999, shall be eligible to continue life insurance coverage in an amount of Five Thousand Dollars ($5,000.00), Ten Thousand Dollars ($10,000.00) or Twenty Thousand Dollars ($20,000.00) into retirement.

(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. Employees 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 retiring after September 30, 1999, shall be eligible to continue life insurance coverage in an amount of Five Thousand Dollars ($5,000.00), Ten Thousand Dollars ($10,000.00) or Twenty Thousand Dollars ($20,000.00) into retirement.
(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. The board shall not increase the amount of the deductible in effect on July 1, 2003, until July 1, 2008.

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

(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 2. Section 25-15-5, Mississippi Code of 1972, is
amended as follows:
25-15-5. (1) The board shall administer the plan and is authorized to adopt and promulgate rules and regulations for its administration, subject to the terms and limitations contained in this article.

(2) The board shall develop a five-year strategic plan for the insurance plan established by Section 25-15-3 et seq. The strategic plan shall address, but not be limited to:

(a) Changing trends in the health care industry, and how they effect delivery of services to members of the plan.

(b) Alternative service delivery systems.

(c) Any foreseeable problems with the present system of delivering and administering health care benefits in Mississippi.

(d) The development of options and recommendations for changes in the plan.

(3) To carry out the requirements of subsection (2) of this section, the board may conduct formal research, including questionnaires and attitudinal surveys of members' needs and preferences with respect to service delivery.

(4) After the board has complied with all provisions of Section 25-15-9 regarding the establishment of the plan, it shall be responsible for fully disclosing to plan members the provisions of the plan. Such disclosure shall consist of the dissemination of educational material on the plan and any proposed changes thereto. The board shall provide members with complete educational materials at least thirty (30) days before the date upon which the plan's members must select a plan option for health care services. The board shall further use the resources of the Mississippi Authority for Educational Television or other state agency, university or college to provide information on proposed changes. The board may also use other state-owned media, as well as public service announcements on private media to disseminate information regarding proposed changes in the plan.
(5) The board shall develop and make available for public
review at its offices a comprehensive plan document which
documents all benefits for which members of the plan created by
Section 25-15-3 et seq. are eligible. This document shall be
typed and maintained also at the offices of any administrator
contracted with in accordance with Section 25-15-301.

(6) (a) The board may enter into contracts with
accountants, actuaries and other persons from the private sector
whose skills are necessary to carry out the purposes of Section
25-15-3 et seq.

(b) Before the board enters into any contract for
services as provided in paragraph (a) of this subsection, the
board shall first determine that the services are required, and
that the staff of the board and personnel of other state agencies
are not sufficiently experienced to provide the services.

(c) The board is also authorized to procure legal
services if it deems these services to be necessary to carry out
its responsibilities under Section 25-15-3 et seq.

amended as follows:

25-15-303. (1) There is created the State and School
Employees Health Insurance Management Board, which shall
administer the State and School Employees Life and Health
Insurance Plan provided for under Section 25-15-3 et seq. * * *

(2) The board shall consist of the following:

(a) The Chairman of the Workers' Compensation
Commission;

(b) The Commissioner of Insurance;

(c) The Commissioner of Higher Education;

(d) The State Superintendent of Education;

(e) The Executive Director of the Department of Finance
(f) Two (2) appointees of the Governor whose terms shall be concurrent with that of the Governor, one (1) of whom shall have experience in providing actuarial advice to companies that provide health insurance to large groups and one (1) of whom shall have experience in the day-to-day management and administration of a large self-funded health insurance group;

(g) The Chairman of the Senate Insurance Committee or his designee;

(h) The Chairman of the House of Representatives Insurance Committee or his designee;

(i) The Chairman of the Senate Appropriations Committee or his designee; and

(j) The Chairman of the House of Representatives Appropriations Committee or his designee.

The legislators, or their designees, shall serve as ex officio, nonvoting members of the board.

The Executive Director of the Department of Finance and Administration shall be the chairman of the board.

(3) The board shall meet at least monthly and maintain minutes of such meetings. A quorum shall consist of a majority of the authorized voting membership of the board. The board shall have the sole authority to promulgate rules and regulations governing the operations of the insurance plans and shall be vested with all legal authority necessary and proper to perform this function including, but not limited to:

(a) Defining the scope and coverages provided by the insurance plan;

(b) Seeking proposals for services or insurance through competitive processes where required by law and selecting service providers or insurers under procedures provided for by law; and

(c) Developing and adopting strategic plans and budgets for the insurance plan.
The department shall employ a State Insurance Administrator, who shall be responsible for the day-to-day management and administration of the insurance plan. The board shall employ a Deputy State Insurance Administrator who shall be an actuary and a member of the American Academy of Actuaries. The Deputy State Insurance Administrator shall have experience in providing actuarial services to companies which provide health insurance to large groups. The deputy administrator shall receive a salary set by the board and shall not be subject to the authority of the State Personnel Board for any purpose. The Department of Finance and Administration shall provide to the board on a full-time basis personnel and technical support necessary and sufficient to effectively and efficiently carry out the requirements of this section.

(4) Members of the board shall not receive any compensation or per diem, but may receive travel reimbursement provided for under Section 25-3-41 except that the 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 board shall be paid while the Legislature is in session.

SECTION 4. 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. The state shall not share in the cost of coverage for
retired employees.

(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.

(10) Any retired employee electing to purchase retired life
and health insurance will have the full cost of such insurance
deducted monthly from his State of Mississippi retirement plan
check or direct billed for the cost of the premium if the
retirement check is insufficient to pay for the premium. If the
board determines actuarially that the premium paid by the
participating retirees adversely affects the overall cost of the
plan to the state, then the department may impose a premium
surcharge, not to exceed fifteen percent (15%), upon such
participating retired employees who are under the age for Medicare
eligibility.

(11) The state's share of the cost of the health insurance
provided herein shall be drawn from the Health Care Expendable
Fund established by Section 43-13-407 as provided in Section

SECTION 5. Section 43-13-407, Mississippi Code of 1972, is
amended as follows:

43-13-407. (1) In accordance with the purposes of this
article, there is established in the State Treasury the Health
Care Expendable Fund, into which shall be transferred from the
Health Care Trust Fund the following sums:

(a) In fiscal year 2000, Fifty Million Dollars
($50,000,000.00);

(b) In fiscal year 2001, Fifty-five Million Dollars
($55,000,000.00);
(c) In fiscal year 2002, Sixty Million Five Hundred Thousand Dollars ($60,500,000.00);
(d) In fiscal year 2003, Sixty-six Million Five Hundred Fifty Thousand Dollars ($66,550,000.00);
(e) In fiscal year 2004 and each subsequent fiscal year, a sum equal to the average annual amount of the income from the investment of the funds in the Health Care Trust Fund since July 1, 1999.

(2) In any fiscal year in which interest and dividends from the investment of the funds in the Health Care Trust Fund are not sufficient to fund the full amount of the annual transfer into the Health Care Expendable Fund as required in subsection (1) of this section, the State Treasurer shall transfer from tobacco settlement installment payments an amount that is sufficient to fully fund the amount of the annual transfer.

(3) All income from the investment of the funds in the Health Care Expendable Fund shall be credited to the account of the Health Care Expendable Fund. Any funds in the Health Care Expendable Fund at the end of a fiscal year shall not lapse into the State General Fund.

(4) The funds in the Health Care Expendable Fund shall be available for expenditure pursuant to specific appropriation by the Legislature beginning in fiscal year 2000, and shall be expended exclusively for health care purposes, including, but not limited to, the state's share of the cost of the State and School Employees Health Insurance Plan as provided in Section 25-15-9, as amended in House Bill No. , 2002 Regular Session.

SECTION 6. Section 25-15-301, Mississippi Code of 1972, which provides for contracts for the administration of the State and School Employees Health Insurance Plan, is repealed.

SECTION 7. This act shall take effect and be in force from and after July 1, 2003.