

By: The Entire Membership

To: Insurance;  
Appropriations

## HOUSE BILL NO. 1386

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 THE PLAN SHALL BE  
5 IMPLEMENTED AFTER THE BOARD DETERMINES THAT THE EMPLOYER'S  
6 CONTRIBUTION RATE TO THE RETIREMENT SYSTEM CAN BE REDUCED BY ONE  
7 PERCENT WITHOUT CAUSING THE UNFUNDED LIABILITY PERIOD FOR THE  
8 RETIREMENT SYSTEM TO EXCEED TWENTY YEARS; TO PROVIDE THAT THE PLAN  
9 SHALL INITIALLY HAVE BENEFITS EQUIVALENT TO THOSE IN THE STATE AND  
10 SCHOOL EMPLOYEES HEALTH INSURANCE PLAN; TO PROVIDE THAT THE BOARD  
11 MAY MODIFY THE PLAN AS NECESSARY TO MEET THE NEEDS OF THE MEMBERS  
12 OF THE PLAN AND TO MAINTAIN THE FISCAL SOUNDNESS OF THE PLAN; TO  
13 PROVIDE THAT THE BOARD MAY OFFER AN OPTIONAL PLAN TO RETIREES WHO  
14 ARE ELIGIBLE FOR MEDICARE; TO PROVIDE FOR THE TREATMENT OF  
15 RETIREES WHO DECLINE COVERAGE UNDER THE PLAN OR WHO ELECT  
16 CONTINUING COVERAGE UNDER COBRA; TO PROVIDE THAT THE BOARD SHALL  
17 SUBSIDIZE A PORTION OF THE COST OF PROVIDING THE HEALTH INSURANCE  
18 PLAN TO RETIREES; TO PROVIDE FOR THE AMOUNT OF SUBSIDY; TO PROVIDE  
19 THAT EACH EMPLOYER SHALL PAY MONTHLY AN AMOUNT EQUAL TO 2.5% OF  
20 THE TOTAL PAYROLL OF THE EMPLOYER THAT IS ATTRIBUTABLE TO  
21 CONTRIBUTING MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM;  
22 TO PROVIDE THAT A CERTAIN AMOUNT OF THE PAYMENTS RECEIVED BY THE  
23 BOARD SHALL BE HELD IN A FUND AND UTILIZED BY THE BOARD TO  
24 SUBSIDIZE THE HEALTH INSURANCE PLAN REQUIRED TO BE ESTABLISHED BY  
25 THIS ACT; TO GRANT THE BOARD CERTAIN POWERS AND DUTIES WITH REGARD  
26 TO THE PLAN; TO CREATE A NEW SECTION TO BE CODIFIED AS SECTION  
27 25-11-145, MISSISSIPPI CODE OF 1972, TO PROVIDE THE MANNER IN  
28 WHICH THE FUNDS RECEIVED BY THE INSURANCE PROGRAM ESTABLISHED IN  
29 SECTION 25-11-143, MISSISSIPPI CODE OF 1972, MAY BE INVESTED; TO  
30 AMEND SECTION 25-11-123, MISSISSIPPI CODE OF 1972, TO DIRECT THE  
31 BOARD TO REDUCE THE EMPLOYER'S CONTRIBUTION RATE TO THE RETIREMENT  
32 SYSTEM BY ONE PERCENT AFTER THE BOARD DETERMINES THAT THE  
33 EMPLOYER'S CONTRIBUTION RATE CAN BE REDUCED BY THAT AMOUNT WITHOUT  
34 CAUSING THE UNFUNDED LIABILITY PERIOD FOR THE RETIREMENT SYSTEM TO  
35 EXCEED TWENTY YEARS; TO AMEND SECTIONS 25-15-3, 25-15-9, 25-15-11,  
36 25-15-15 AND 25-15-103, MISSISSIPPI CODE OF 1972, TO REMOVE  
37 PROVISIONS THAT AUTHORIZE RETIREES TO BE INCLUDED IN THE STATE AND  
38 SCHOOL EMPLOYEES LIFE AND HEALTH INSURANCE PLAN; TO AMEND SECTION  
39 25-15-14, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT ELECTED STATE  
40 AND DISTRICT OFFICIALS ELIGIBLE FOR GROUP HEALTH INSURANCE AFTER  
41 LEAVING OFFICE WILL CONTINUE TO PARTICIPATE IN THE STATE AND  
42 SCHOOL EMPLOYEES HEALTH INSURANCE PLAN AND NOT IN THE NEW PLAN FOR  
43 RETIREES; TO AMEND SECTION 25-11-141, MISSISSIPPI CODE OF 1972, IN  
44 CONFORMITY TO THE PROVISIONS OF THIS ACT; AND FOR RELATED  
45 PURPOSES.

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

47 **SECTION 1.** The following provision shall be codified as

48 Section 25-11-143, Mississippi Code of 1972:



49           25-11-143. (1) This provision of this section shall become  
50 effective from and after July 1 of the year following the year in  
51 which the board determines and the board's actuary certifies that  
52 the employer's contribution rate to the Public Employees'  
53 Retirement System can be reduced by one percent (1%) without  
54 causing the unfunded accrued actuarial liability amortization  
55 period for the retirement system to exceed twenty (20) years.

56           (2) As used in this section, the term "retiree" means any  
57 person receiving a service or disability retirement benefit from  
58 any system administered by the board; however, in the case of  
59 persons participating in the optional retirement plan established  
60 in Section 25-11-401 et seq., the term "retiree" includes only  
61 those persons who would be entitled to receive a retirement  
62 allowance under the provisions of Section 25-11-111 if they were  
63 not members of the optional retirement plan.

64           (3) The board shall design a plan of health insurance for  
65 all current and future retirees that will take effect from and  
66 after January 1 following the year in which this section becomes  
67 effective as provided in subsection (1) of this section. The plan  
68 may include coverage for the spouse, surviving beneficiary and  
69 dependent children of retirees and other such sponsored dependents  
70 as the board considers appropriate; however, the subsidy provided  
71 for in this section shall apply only to the cost of providing  
72 coverage to retirees. Initially, the plan shall have benefits  
73 equivalent to those in the State and School Employees Health  
74 Insurance Plan established in Section 25-15-9; however, the board  
75 may modify the plan as necessary to meet the needs of the members  
76 of the plan and to maintain the fiscal soundness of the plan. The  
77 board may offer an optional plan to retirees who are eligible for  
78 Medicare, and any additional cost of that plan shall be paid by  
79 the retiree electing that optional coverage.

80           (4) (a) Retirees may decline coverage in the plan  
81 established by this section, but they may be included in the plan



82 later if they apply for coverage during any open enrollment  
83 periods that may be established by the board and can show, by  
84 evidence considered sufficient to the board, that they were  
85 covered by health insurance during the period of time that they  
86 were not covered by the plan established by this section. The  
87 board may adjust the amount of the subsidy for those persons and  
88 may limit the number of times retirees who decline coverage who  
89 may be later included in the plan.

90 (b) The board shall determine the manner in which  
91 persons who elect continuation coverage under the federal  
92 Consolidated Omnibus Budget Reconciliation Act of 1987 (COBRA)  
93 will be treated regarding their eligibility for coverage under the  
94 plan established under this section and the amount of the subsidy  
95 for those persons.

96 (5) From and after January 1 following the year in which  
97 this section becomes effective as provided in subsection (1) of  
98 this section, the board shall subsidize a portion of the cost of  
99 providing the plan of health insurance to retirees. The amount of  
100 the subsidy provided for each retiree shall be equal to a  
101 percentage of the annual cost of providing coverage under the plan  
102 to the retiree as determined by the board. Except as otherwise  
103 provided in this section, the percentage amount of the subsidy  
104 shall be two percent (2%) for each year of creditable service,  
105 less any fronted service for age-limited disability benefits of  
106 the retiree up to a maximum of sixty percent (60%). Once the  
107 percentage amount of the subsidy has been determined under this  
108 subsection, it may not be changed unless the retiree returns to  
109 membership service and earns additional years of creditable  
110 service or elects not to be enrolled in the plan for a period of  
111 time.

112 (6) The amount of the subsidy for each disability retiree  
113 shall be calculated in the same manner as other retirees. For  
114 purposes of determining the amount that a disability retiree must



115 pay above the subsidy for coverage under the plan, the cost of  
116 coverage for disability retirees shall be deemed to be the average  
117 cost of providing coverage for other retirees as determined by the  
118 board.

119 (7) Each retiree participating in the plan, by written  
120 authorization, shall instruct the board to deduct from the  
121 retirement allowance the portion of the premium that is not  
122 subsidized. The amounts so deducted shall be handled by the board  
123 in the manner provided for in subsection (9) of this section.

124 (8) From and after July 1 of the year in which this section  
125 becomes effective as provided in subsection (1) of this section,  
126 each employer shall pay monthly to the board an amount equal to  
127 two and one-half percent (2.5%) of the total payroll of the  
128 employer on which retirement contributions are made under  
129 retirement plans administered by the Public Employees' Retirement  
130 System.

131 (9) The board may establish and enforce late charges and  
132 interest penalties or other penalties for the purpose of requiring  
133 the prompt payment of all contributions required under this  
134 section. After appropriation for administration expenses of the  
135 program, all funds received by the board under this section shall  
136 be held in a fund in the custody of the board. All those funds  
137 held by the board shall be utilized for the purpose of subsidizing  
138 the health insurance plan required to be established by this  
139 section, and shall be invested as provided in Section 2 of this  
140 act.

141 (10) The board:

142 (a) Shall administer the plan;

143 (b) Shall have the sole authority to promulgate rules  
144 and regulations governing the plan, and shall be vested with all  
145 legal authority necessary and proper to perform this function  
146 including, but not limited to, defining the benefits provided by



147 the plan, requesting and accepting bids for services, establishing  
148 premium rates and receiving premium payments;

149 (c) May enter into contracts with accountants,  
150 actuaries and other persons whose skills are necessary to carry  
151 out the provisions of this section; and

152 (d) Is authorized to procure legal services if it deems  
153 these services necessary to carry out its responsibilities under  
154 this section.

155 **SECTION 2.** This section shall be codified as Section  
156 25-11-145, Mississippi Code of 1972:

157 25-11-145. (1) This provision of this section shall become  
158 effective from and after July 1 of the year in which Section  
159 25-11-143 becomes effective as provided in subsection (1) of  
160 Section 25-11-143.

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

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

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



180 (c) Bonds of the Tennessee Valley Authority; bonds,  
181 notes, certificates and other valid obligations of the United  
182 States, and other valid obligations of any federal instrumentality  
183 that issues securities under authority of an act of Congress and  
184 are exempt from registration with the Securities and Exchange  
185 Commission; bonds, notes, debentures and other securities issued  
186 by any federal instrumentality and fully guaranteed by the United  
187 States;

188 (d) Interest-bearing bonds or notes that are general  
189 obligations of any other state in the United States or of any city  
190 or county in that state, provided that the state, city or county  
191 has not defaulted for a period longer than thirty (30) days in the  
192 payment of principal or interest on any of its general obligation  
193 indebtedness during a period of ten (10) calendar years  
194 immediately preceding the investment;

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

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

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

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

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

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



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

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

227 (h) Pooled or commingled funds managed by a corporate  
228 trustee or by a Securities and Exchange Commission registered  
229 investment advisory firm retained as an investment manager by the  
230 board of trustees, and shares of investment companies and unit  
231 investment trusts registered under the Investment Company Act of  
232 1940, where the pooled or commingled funds or shares are comprised  
233 of common or preferred stocks, bonds, money market instruments or  
234 other investments authorized under this section. The investment  
235 in commingled funds or shares shall be held in trust. Any  
236 investment manager approved by the board of trustees shall invest  
237 the commingled funds or shares as a fiduciary;

238 (i) Pooled or commingled real estate funds or real  
239 estate securities managed by a corporate trustee or by a  
240 Securities and Exchange Commission registered investment advisory  
241 firm retained as an investment manager by the board of trustees,  
242 provided that the total book value of investments under this  
243 paragraph at no time shall exceed five percent (5%) of the total  
244 book value of all investments of the total investment fund. The  
245 investment in commingled funds or shares shall be held in trust.



246 Any investment manager approved by the board of trustees shall  
247 invest the commingled funds or shares as a fiduciary.

248 (3) All investments shall be acquired at prices not  
249 exceeding the prevailing market values for the securities.

250 (4) Any limitations set forth in this section shall be  
251 applicable only at the time of purchase and shall not require the  
252 liquidation of any investment at any time. All investments shall  
253 be clearly marked to indicate ownership by the fund and to the  
254 extent possible shall be registered in the name of the fund.

255 (5) Subject to the preceding terms, conditions, limitations  
256 and restrictions, the board shall have power to sell, assign,  
257 transfer and dispose of any of the securities and investments of  
258 the fund, provided that the sale, assignment or transfer has the  
259 majority approval of the entire board. The board may employ or  
260 contract with investment managers, evaluation services or other  
261 such services as determined by the board to be necessary for the  
262 effective and efficient operation of the fund.

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

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

274 (8) The board of trustees shall be the custodian and  
275 fiduciary of the fund.

276 (9) For the purpose of meeting disbursements, cash may be  
277 kept available, not exceeding the requirements of the fund for a  
278 period of ninety (90) days, on deposit in one or more banks or





279 trust companies organized under the laws of the State of  
280 Mississippi or the laws of the United States, provided that the  
281 sum on deposit in any one (1) bank or trust company shall not  
282 exceed thirty-five percent (35%) of the paid-up capital and  
283 regular surplus of the bank or trust company.

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

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

299 (12) Investment management fees and costs shall be paid from  
300 the fund.

301 **SECTION 3.** Section 25-11-123, Mississippi Code of 1972, is  
302 amended as follows:

303 25-11-123. All of the assets of the system shall be credited  
304 according to the purpose for which they are held to one (1) of  
305 four (4) reserves; namely, the annuity savings account, the  
306 annuity reserve, the employer's accumulation account, and the  
307 expense account.

308 (a) **Annuity savings account.** In the annuity savings account  
309 shall be accumulated the contributions made by members to provide  
310 for their annuities, including interest thereon which shall be



311 posted monthly. Credits to and charges against the annuity  
312 savings account shall be made as follows:

313 (1) Beginning July 1, 1991, the employer shall cause to  
314 be deducted from the salary of each member on each and every  
315 payroll of the employer for each and every payroll period seven  
316 and one-fourth percent (7-1/4%) of earned compensation as defined  
317 in Section 25-11-103. Future contributions shall be fixed  
318 biennially by the board on the basis of the liabilities of the  
319 retirement system for the various allowances and benefits as shown  
320 by actuarial valuation; \* \* \* however, \* \* \* any member earning at  
321 a rate less than Sixteen Dollars and Sixty-seven Cents (\$16.67)  
322 per month, or Two Hundred Dollars (\$200.00) per year, shall  
323 contribute not less than One Dollar (\$1.00) per month, or Twelve  
324 Dollars (\$12.00) per year.

325 (2) The deductions provided herein shall be made  
326 notwithstanding that the minimum compensation provided by law for  
327 any member is reduced thereby. Every member shall be deemed to  
328 consent and agree to the deductions made and provided for herein  
329 and shall receipt for his full salary or compensation, and payment  
330 of salary or compensation less the deduction shall be a full and  
331 complete discharge and acquittance of all claims and demands  
332 whatsoever for the services rendered by the person during the  
333 period covered by the payment, except as to the benefits provided  
334 under Articles 1 and 3. The board shall provide by rules for the  
335 methods of collection of contributions from members and the  
336 employer. The board shall have full authority to require the  
337 production of evidence necessary to verify the correctness of  
338 amounts contributed.

339 (b) **Annuity reserve.** The annuity reserve shall be the  
340 account representing the actuarial value of all annuities in  
341 force, and to it shall be charged all annuities and all benefits  
342 in lieu of annuities, payable as provided in this article. If a  
343 beneficiary retired on account of disability is restored to active



344 service with a compensation not less than his average final  
345 compensation at the time of his last retirement, the remainder of  
346 his contributions shall be transferred from the annuity reserve to  
347 the annuity savings account and credited to his individual account  
348 therein, and the balance of his annuity reserve shall be  
349 transferred to the employer's accumulation account.

350 (c) **Employer's accumulation account.** The employer's  
351 accumulation account shall represent the accumulation of all  
352 reserves for the payment of all retirement allowances and other  
353 benefits payable from contributions made by the employer, and  
354 against this account shall be charged all retirement allowances  
355 and other benefits on account of members. Credits to and charges  
356 against the employer's accumulation account shall be made as  
357 follows:

358 (1) On account of each member there shall be paid  
359 monthly into the employer's accumulation account by the employers  
360 for the preceding fiscal year an amount equal to a certain  
361 percentage of the total earned compensation, as defined in Section  
362 25-11-103, of each member. The percentage rate of those  
363 contributions shall be fixed biennially by the board on the basis  
364 of the liabilities of the retirement system for the various  
365 allowances and benefits as shown by actuarial valuation.  
366 Beginning January 1, 1990, the rate shall be fixed at nine and  
367 three-fourths percent (9-3/4%). The board shall reduce the  
368 employer's contribution rate by one percent (1%) from and after  
369 July 1 of the year following the year in which the board  
370 determines and the board's actuary certifies that the employer's  
371 contribution rate can be reduced by that amount without causing  
372 the unfunded accrued actuarial liability amortization period for  
373 the retirement system to exceed twenty (20) years. Political  
374 subdivisions joining Article 3 of the Public Employees' Retirement  
375 System after July 1, 1968, may adjust the employer's contributions  
376 by agreement with the Board of Trustees of the Public Employees'



377 Retirement System to provide service credits for any period before  
378 execution of the agreement based upon an actuarial determination  
379 of employer's contribution rates.

380           (2) On the basis of regular interest and of such  
381 mortality and other tables as are adopted by the board of  
382 trustees, the actuary engaged by the board to make each valuation  
383 required by this article during the period over which the accrued  
384 liability contribution is payable, immediately after making that  
385 valuation, shall determine the uniform and constant percentage of  
386 the earnable compensation of each member which, if contributed by  
387 the employer on the basis of compensation of the member throughout  
388 his entire period of membership service, would be sufficient to  
389 provide for the payment of any retirement allowance payable on his  
390 account for that service. The percentage rate so determined shall  
391 be known as the "normal contribution rate." After the accrued  
392 liability contribution has ceased to be payable, the normal  
393 contribution rate shall be the percentage rate of the salary of  
394 all members obtained by deducting from the total liabilities on  
395 account of membership service the amount in the employer's  
396 accumulation account, and dividing the remainder by one percent  
397 (1%) of the present value of the prospective future salaries of  
398 all members as computed on the basis of the mortality and service  
399 tables adopted by the board of trustees and regular interest. The  
400 normal rate of contributions shall be determined by the actuary  
401 after each valuation.

402           (3) The total amount payable in each year to the  
403 employer's accumulation account shall not be less than the sum of  
404 the percentage rate known as the "normal contribution" rate and  
405 the "accrued liability contribution" rate of the total  
406 compensation earnable by all members during the preceding year,  
407 provided that the payment by the employer shall be sufficient,  
408 when combined with the amounts in the account, to provide the



409 allowances and other benefits chargeable to this account during  
410 the year then current.

411 (4) The accrued liability contribution shall be  
412 discontinued as soon as the accumulated balance in the employer's  
413 accumulation account shall equal the present value, computed on  
414 the basis of the normal contribution rate then in force, or the  
415 prospective normal contributions to be received on account of all  
416 persons who are at that time members.

417 (5) All allowances and benefits in lieu thereof, with  
418 the exception of those payable on account of members who receive  
419 no prior service credit, payable from contributions of the  
420 employer, shall be paid from the employer's accumulation account.

421 (6) Upon the retirement of a member, an amount equal to  
422 his retirement allowance shall be transferred from the employer's  
423 accumulation account to the annuity reserve.

424 (d) **Expense account.** The expense account shall be the  
425 account to which the expenses of the administration of the system  
426 shall be charged, exclusive of amounts payable as retirement  
427 allowances and as other benefits provided herein. The Legislature  
428 shall make annual appropriations in amounts sufficient to  
429 administer the system, which shall be credited to this account.  
430 There shall be transferred to the State Treasury from this  
431 account, not less than once per month, an amount sufficient for  
432 payment of the estimated expenses of the system for the succeeding  
433 thirty (30) days. Any interest earned on the expense account  
434 shall accrue to the benefit of the system. \* \* \* However, \* \* \*  
435 notwithstanding the provisions of Sections 25-11-15(10) and  
436 25-11-105(f)(5)E, all expenses of the administration of the system  
437 shall be paid from the interest earnings, provided the interest  
438 earnings are in excess of the actuarial interest assumption as  
439 determined by the board, and provided the present cost of the  
440 administrative expense fee of two percent (2%) of the  
441 contributions reported by the political subdivisions and



442 instrumentalities shall be reduced to one percent (1%) from and  
443 after July 1, 1983, through June 30, 1984, and shall be eliminated  
444 thereafter.

445 (e) **Collection of contributions.** The employer shall cause  
446 to be deducted on each and every payroll of a member for each and  
447 every payroll period, beginning subsequent to January 31, 1953,  
448 the contributions payable by the member as provided in Articles 1  
449 and 3.

450 The employer shall make deductions from salaries of employees  
451 as provided in Articles 1 and 3 and shall transmit monthly, or at  
452 such time as the board of trustees \* \* \* designates, the amount  
453 specified to be deducted to the Executive Director of the Public  
454 Employees' Retirement System. The executive director, after  
455 making a record of all those receipts, shall deposit such amounts  
456 as provided by law.

457 (f) Upon the basis of each actuarial valuation provided  
458 herein, the board of trustees shall biennially determine the  
459 normal contribution rate and the accrued liability contribution  
460 rate as provided in this section. The sum of these two (2) rates  
461 shall be known as the "employer's contribution rate." Beginning  
462 on earned compensation effective January 1, 1990, the rate  
463 computed as provided in this section shall be nine and  
464 three-fourths percent (9-3/4%). The board shall reduce the  
465 employer's contribution rate by one percent (1%) from and after  
466 July 1 of the year following the year in which the board  
467 determines and the board's actuary certifies that the employer's  
468 contribution rate can be reduced by that amount without causing  
469 the unfunded accrued actuarial liability amortization period for  
470 the retirement system to exceed twenty (20) years. The percentage  
471 rate of those contributions shall be fixed biennially by the board  
472 on the basis of the liabilities of the retirement system for the  
473 various allowances and benefits as shown by actuarial  
474 valuation. \* \* \*



475           The amount payable by the employer on account of normal and  
476 accrued liability contributions shall be determined by applying  
477 the employer's contribution rate to the amount of compensation  
478 earned by employees who are members of the system. Monthly, or at  
479 such time as the board of trustees \* \* \* designates, each  
480 department or agency shall compute the amount of the employer's  
481 contribution payable, with respect to the salaries of its  
482 employees who are members of the system, and shall cause that  
483 amount to be paid to the board of trustees from the personal  
484 service allotment of the amount appropriated for the operation of  
485 the department or agency, or from funds otherwise available to the  
486 agency, for the payment of salaries to its employees.

487           Once each year, under procedures established by the system,  
488 each employer shall submit to the Public Employees' Retirement  
489 System a copy of their report to Social Security of all employees'  
490 earnings.

491           The board shall provide by rules for the methods of  
492 collection of contributions of employers and members. The amounts  
493 determined due by an agency to the various funds as specified in  
494 Articles 1 and 3 are made obligations of the agency to the board  
495 and shall be paid as provided herein. Failure to deduct those  
496 contributions shall not relieve the employee and employer from  
497 liability thereof. Delinquent employee contributions and any  
498 accrued interest shall be the obligation of the employee and  
499 delinquent employer contributions and any accrued interest shall  
500 be the obligation of the employer. The employer may, in its  
501 discretion, elect to pay any or all of the interest on delinquent  
502 employee contributions. From and after July 1, 1996, under rules  
503 and regulations established by the board, all employers are  
504 authorized and shall transfer all funds due to the Public  
505 Employees' Retirement System electronically and shall transmit any  
506 wage or other reports by computerized reporting systems.



507           **SECTION 4.** Section 25-15-3, Mississippi Code of 1972, is  
508 amended as follows:

509           [Through June 30 of the year in which Section 25-11-143  
510 becomes effective as provided in subsection (1) of Section  
511 25-11-143, this section shall read as follows:]

512           25-15-3. For the purposes of this article, the words and  
513 phrases used herein shall have the following meanings:

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

528           (b) "Department" means the Department of Finance and  
529 Administration.

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

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

534           (e) "Retiree" means any employee retired under the  
535 Mississippi retirement plan.

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





538           [From and after July 1 of the year in which Section 25-11-143  
539 becomes effective as provided in subsection (1) of Section  
540 25-11-143, this section shall read as follows:]

541           25-15-3. For the purposes of this article, the words and  
542 phrases used in this section shall have the following meanings:

543           (a) "Employee" means a person who works full time for  
544 the State of Mississippi and receives his compensation in a direct  
545 payment from a department, agency or institution of the state  
546 government, and any person who works full time for any school  
547 district, community/junior college, public library,  
548 university-based program authorized under Section 37-23-31 for  
549 deaf, aphasic and emotionally disturbed children, or any regular  
550 nonstudent bus driver. This term includes legislators, employees  
551 of the legislative branch and the judicial branch of the state,  
552 full-time salaried judges and full-time district attorneys and  
553 their staff, and full-time compulsory school attendance officers.  
554 For the purposes of this article, any "employee" making  
555 contributions to the Public Employees' Retirement System or the  
556 Highway Safety Patrol Retirement System shall be considered a  
557 full-time employee.

558           (b) "Department" means the Department of Finance and  
559 Administration.

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

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

564           \* \* \*

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

567           **SECTION 5.** Section 25-15-9, Mississippi Code of 1972, is  
568 amended as follows:



569 [Through June 30 of the year in which Section 25-11-143  
570 becomes effective as provided in subsection (1) of Section  
571 25-11-143, this section shall read as follows:]

572 25-15-9. (1) (a) The board shall design a plan of health  
573 insurance for state employees which provides benefits for  
574 semiprivate rooms in addition to other incidental coverages which  
575 the board deems necessary. The amount of the coverages shall be  
576 in such reasonable amount as may be determined by the board to be  
577 adequate, after due consideration of current health costs in  
578 Mississippi. The plan shall also include major medical benefits  
579 in such amounts as the board shall determine. The board is also  
580 authorized to accept bids for such alternate coverage and optional  
581 benefits as the board shall deem proper. Any contract for  
582 alternative coverage and optional benefits shall be awarded by the  
583 board after it has carefully studied and evaluated the bids and  
584 selected the best and most cost-effective bid. The board may  
585 reject all such bids; however, the board shall notify all bidders  
586 of the rejection and shall actively solicit new bids if all bids  
587 are rejected. The board may employ or contract for such  
588 consulting or actuarial services as may be necessary to formulate  
589 the plan, and to assist the board in the preparation of  
590 specifications and in the process of advertising for the bids for  
591 the plan. Such contracts shall be solicited and entered into in  
592 accordance with Section 25-15-5. The board shall keep a record of  
593 all persons, agents and corporations who contract with or assist  
594 the board in preparing and developing the plan. The board in a  
595 timely manner shall provide copies of this record to the members  
596 of the advisory council created in this section and those  
597 legislators, or their designees, who may attend meetings of the  
598 advisory council. The board shall provide copies of this record  
599 in the solicitation of bids for the administration or servicing of  
600 the self-insured program. Each person, agent or corporation  
601 which, during the previous fiscal year, has assisted in the



602 development of the plan or employed or compensated any person who  
603 assisted in the development of the plan, and which bids on the  
604 administration or servicing of the plan, shall submit to the board  
605 a statement accompanying the bid explaining in detail its  
606 participation with the development of the plan. This statement  
607 shall include the amount of compensation paid by the bidder to any  
608 such employee during the previous fiscal year. The board shall  
609 make all such information available to the members of the advisory  
610 council and those legislators, or their designees, who may attend  
611 meetings of the advisory council before any action is taken by the  
612 board on the bids submitted. The failure of any bidder to fully  
613 and accurately comply with this paragraph shall result in the  
614 rejection of any bid submitted by that bidder or the cancellation  
615 of any contract executed when the failure is discovered after the  
616 acceptance of that bid. The board is authorized to promulgate  
617 rules and regulations to implement the provisions of this  
618 subsection.

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

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



635           (b) There is created an advisory council to advise the  
636 board in the formulation of the State and School Employees Health  
637 Insurance Plan. The council shall be composed of the State  
638 Insurance Commissioner or his designee, an employee-representative  
639 of the institutions of higher learning appointed by the board of  
640 trustees thereof, an employee-representative of the Department of  
641 Transportation appointed by the director thereof, an  
642 employee-representative of the State Tax Commission appointed by  
643 the Commissioner of Revenue, an employee-representative of the  
644 Mississippi Department of Health appointed by the State Health  
645 Officer, an employee-representative of the Mississippi Department  
646 of Corrections appointed by the Commissioner of Corrections, and  
647 an employee-representative of the Department of Human Services  
648 appointed by the Executive Director of Human Services, two (2)  
649 certificated public school administrators appointed by the State  
650 Board of Education, two (2) certificated classroom teachers  
651 appointed by the State Board of Education, a noncertificated  
652 school employee appointed by the State Board of Education and a  
653 community/junior college employee appointed by the State Board for  
654 Community and Junior Colleges.

655           The Lieutenant Governor may designate the Secretary of the  
656 Senate, the Chairman of the Senate Appropriations Committee, the  
657 Chairman of the Senate Education Committee and the Chairman of the  
658 Senate Insurance Committee, and the Speaker of the House of  
659 Representatives may designate the Clerk of the House, the Chairman  
660 of the House Appropriations Committee, the Chairman of the House  
661 Education Committee and the Chairman of the House Insurance  
662 Committee, to attend any meeting of the State and School Employees  
663 Insurance Advisory Council. The appointing authorities may  
664 designate an alternate member from their respective houses to  
665 serve when the regular designee is unable to attend such meetings  
666 of the council. Such designees shall have no jurisdiction or vote  
667 on any matter within the jurisdiction of the council. For



668 attending meetings of the council, such legislators shall receive  
669 per diem and expenses which shall be paid from the contingent  
670 expense funds of their respective houses in the same amounts as  
671 provided for committee meetings when the Legislature is not in  
672 session; however, no per diem and expenses for attending meetings  
673 of the council will be paid while the Legislature is in session.  
674 No per diem and expenses will be paid except for attending  
675 meetings of the council without prior approval of the proper  
676 committee in their respective houses.

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

687 (d) **Medical benefits for retired employees and**  
688 **dependents under age sixty-five (65) years and not eligible for**  
689 **Medicare benefits.** The same health insurance coverage as for all  
690 other active employees and their dependents shall be available to  
691 retired employees and all dependents under age sixty-five (65)  
692 years who are not eligible for Medicare benefits, the level of  
693 benefits to be the same level as for all other active  
694 participants. This section will apply to those employees who  
695 retire due to one hundred percent (100%) medical disability as  
696 well as those employees electing early retirement.

697 (e) **Medical benefits for retired employees and**  
698 **dependents over age sixty-five (65) years or otherwise eligible**  
699 **for Medicare benefits.** The health insurance coverage available to  
700 retired employees over age sixty-five (65) years or otherwise



701 eligible for Medicare benefits, and all dependents over age  
702 sixty-five (65) years or otherwise eligible for Medicare benefits,  
703 shall be the major medical coverage with the lifetime maximum of  
704 One Million Dollars (\$1,000,000.00). Benefits shall be reduced by  
705 Medicare benefits as though such Medicare benefits were the base  
706 plan.

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

711 (2) Nonduplication of benefits--reduction of benefits by  
712 Title XIX benefits: When benefits would be payable under more  
713 than one (1) group plan, benefits under those plans will be  
714 coordinated to the extent that the total benefits under all plans  
715 will not exceed the total expenses incurred.

716 Benefits for hospital or surgical or medical benefits shall  
717 be reduced by any similar benefits payable in accordance with  
718 Title XIX of the Social Security Act or under any amendments  
719 thereto, or any implementing legislation.

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

723 (3) (a) Schedule of life insurance benefits--group term:  
724 The amount of term life insurance for each active employee of a  
725 department, agency or institution of the state government shall  
726 not be in excess of One Hundred Thousand Dollars (\$100,000.00), or  
727 twice the amount of the employee's annual wage to the next highest  
728 One Thousand Dollars (\$1,000.00), whichever may be less, but in no  
729 case less than Thirty Thousand Dollars (\$30,000.00), with a like  
730 amount for accidental death and dismemberment on a  
731 twenty-four-hour basis. The plan will further contain a premium  
732 waiver provision if a covered employee becomes totally and  
733 permanently disabled prior to age sixty-five (65) years.



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

738 (b) Effective October 1, 1999, schedule of life  
739 insurance benefits--group term: The amount of term life insurance  
740 for each active employee of any school district, community/junior  
741 college, public library or university-based program authorized  
742 under Section 37-23-31 for deaf, aphasic and emotionally disturbed  
743 children or any regular nonstudent bus driver shall not be in  
744 excess of One Hundred Thousand Dollars (\$100,000.00), or twice the  
745 amount of the employee's annual wage to the next highest One  
746 Thousand Dollars (\$1,000.00), whichever may be less, but in no  
747 case less than Thirty Thousand Dollars (\$30,000.00), with a like  
748 amount for accidental death and dismemberment on a  
749 twenty-four-hour basis. The plan will further contain a premium  
750 waiver provision if a covered employee of any school district,  
751 community/junior college, public library or university-based  
752 program authorized under Section 37-23-31 for deaf, aphasic and  
753 emotionally disturbed children or any regular nonstudent bus  
754 driver becomes totally and permanently disabled prior to age  
755 sixty-five (65) years. Employees of any school district,  
756 community/junior college, public library or university-based  
757 program authorized under Section 37-23-31 for deaf, aphasic and  
758 emotionally disturbed children or any regular nonstudent bus  
759 driver retiring after September 30, 1999, shall be eligible to  
760 continue life insurance coverage in an amount of Five Thousand  
761 Dollars (\$5,000.00), Ten Thousand Dollars (\$10,000.00) or Twenty  
762 Thousand Dollars (\$20,000.00) into retirement.

763 (4) Any eligible employee who on March 1, 1971, was  
764 participating in a group life insurance program which has  
765 provisions different from those included herein and for which the  
766 State of Mississippi was paying a part of the premium may, at his



767 discretion, continue to participate in such plan. Such employee  
768 shall pay in full all additional costs, if any, above the minimum  
769 program established by this article. Under no circumstances shall  
770 any individual who begins employment with the state after March 1,  
771 1971, be eligible for the provisions of this paragraph.

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

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

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





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

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

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

812 (d) The insurance company group life insurance plan  
813 shall have one (1) composite rate per One Thousand Dollars  
814 (\$1,000.00) of coverage for active employees regardless of age and  
815 one (1) composite rate per One Thousand Dollars (\$1,000.00) of  
816 coverage for all retirees regardless of age or type of retiree.

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

825 **[From and after July 1 of the year in which Section 25-11-143**  
826 **becomes effective as provided in subsection (1) of Section**  
827 **25-11-143, this section shall read as follows:]**

828 25-15-9. (1) (a) The board shall design a plan of health  
829 insurance for state employees that provides benefits for  
830 semiprivate rooms in addition to other incidental coverages that  
831 the board deems necessary. The amount of the coverages shall be  
832 in such reasonable amount as may be determined by the board to be



833 adequate, after due consideration of current health costs in  
834 Mississippi. The plan shall also include major medical benefits  
835 in such amounts as the board shall determine. The board is also  
836 authorized to accept bids for such alternate coverage and optional  
837 benefits as the board \* \* \* deems proper. Any contract for  
838 alternative coverage and optional benefits shall be awarded by the  
839 board after it has carefully studied and evaluated the bids and  
840 selected the best and most cost-effective bid. The board may  
841 reject all such bids; however, the board shall notify all bidders  
842 of the rejection and shall actively solicit new bids if all bids  
843 are rejected. The board may employ or contract for such  
844 consulting or actuarial services as may be necessary to formulate  
845 the plan, and to assist the board in the preparation of  
846 specifications and in the process of advertising for the bids for  
847 the plan. Those contracts shall be solicited and entered into in  
848 accordance with Section 25-15-5. The board shall keep a record of  
849 all persons, agents and corporations who contract with or assist  
850 the board in preparing and developing the plan. The board in a  
851 timely manner shall provide copies of this record to the members  
852 of the advisory council created in this section and those  
853 legislators, or their designees, who may attend meetings of the  
854 advisory council. The board shall provide copies of this record  
855 in the solicitation of bids for the administration or servicing of  
856 the self-insured program. Each person, agent or corporation that,  
857 during the previous fiscal year, has assisted in the development  
858 of the plan or employed or compensated any person who assisted in  
859 the development of the plan, and that bids on the administration  
860 or servicing of the plan, shall submit to the board a statement  
861 accompanying the bid explaining in detail its participation with  
862 the development of the plan. This statement shall include the  
863 amount of compensation paid by the bidder to any such employee  
864 during the previous fiscal year. The board shall make all such  
865 information available to the members of the advisory council and



866 those legislators, or their designees, who may attend meetings of  
867 the advisory council before any action is taken by the board on  
868 the bids submitted. The failure of any bidder to fully and  
869 accurately comply with this paragraph shall result in the  
870 rejection of any bid submitted by that bidder or the cancellation  
871 of any contract executed when the failure is discovered after the  
872 acceptance of that bid. The board is authorized to promulgate  
873 rules and regulations to implement the provisions of this  
874 subsection.

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

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

891 (b) There is created an advisory council to advise the  
892 board in the formulation of the State and School Employees Health  
893 Insurance Plan. The council shall be composed of the State  
894 Insurance Commissioner or his designee, an employee-representative  
895 of the state institutions of higher learning appointed by the  
896 board of trustees thereof, an employee-representative of the  
897 Mississippi Department of Transportation appointed by the director  
898 thereof, an employee-representative of the State Tax Commission



899 appointed by the Commissioner of Revenue, an  
900 employee-representative of the State Department of Health  
901 appointed by the State Health Officer, an employee-representative  
902 of the Mississippi Department of Corrections appointed by the  
903 Commissioner of Corrections, and an employee-representative of the  
904 Mississippi Department of Human Services appointed by the  
905 Executive Director of Human Services, two (2) certificated public  
906 school administrators appointed by the State Board of Education,  
907 two (2) certificated classroom teachers appointed by the State  
908 Board of Education, a noncertificated school employee appointed by  
909 the State Board of Education and a community/junior college  
910 employee appointed by the State Board for Community and Junior  
911 Colleges.

912         The Lieutenant Governor may designate the Secretary of the  
913 Senate, the Chairman of the Senate Appropriations Committee, the  
914 Chairman of the Senate Education Committee and the Chairman of the  
915 Senate Insurance Committee, and the Speaker of the House of  
916 Representatives may designate the Clerk of the House, the Chairman  
917 of the House Appropriations Committee, the Chairman of the House  
918 Education Committee and the Chairman of the House Insurance  
919 Committee, to attend any meeting of the State and School Employees  
920 Insurance Advisory Council. The appointing authorities may  
921 designate an alternate member from their respective houses to  
922 serve when the regular designee is unable to attend such meetings  
923 of the council. Those designees shall have no jurisdiction or  
924 vote on any matter within the jurisdiction of the council. For  
925 attending meetings of the council, those legislators shall receive  
926 per diem and expenses, which shall be paid from the contingent  
927 expense funds of their respective houses in the same amounts as  
928 provided for committee meetings when the Legislature is not in  
929 session; however, no per diem and expenses for attending meetings  
930 of the council will be paid while the Legislature is in session.  
931 No per diem and expenses will be paid except for attending



932 meetings of the council without prior approval of the proper  
933 committee in their respective houses.

934 (c) No change in the terms of the State and School  
935 Employees Health Insurance Plan may be made effective unless the  
936 board, or its designee, has provided notice to the State and  
937 School Employees Health Insurance Advisory Council and has called  
938 a meeting of the council at least fifteen (15) days before the  
939 effective date of the change. If the State and School Employees  
940 Health Insurance Advisory Council does not meet to advise the  
941 board on the proposed changes, the changes to the plan will become  
942 effective at such time as the board has informed the council that  
943 the changes will become effective.

944 \* \* \*

945 (2) Nonduplication of benefits--reduction of benefits by  
946 Title XIX benefits: When benefits would be payable under more  
947 than one (1) group plan, benefits under those plans will be  
948 coordinated to the extent that the total benefits under all plans  
949 will not exceed the total expenses incurred.

950 Benefits for hospital or surgical or medical benefits shall  
951 be reduced by any similar benefits payable in accordance with  
952 Title XIX of the Social Security Act or under any amendments  
953 thereto, or any implementing legislation.

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

957 (3) (a) Schedule of life insurance benefits--group term:  
958 The amount of term life insurance for each active employee of a  
959 department, agency or institution of the state government shall  
960 not be in excess of One Hundred Thousand Dollars (\$100,000.00), or  
961 twice the amount of the employee's annual wage to the next highest  
962 One Thousand Dollars (\$1,000.00), whichever may be less, but in no  
963 case less than Thirty Thousand Dollars (\$30,000.00), with a like



964 amount for accidental death and dismemberment on a  
965 twenty-four-hour basis. \* \* \*

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

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

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



996           (6) Any premium differentials, differences in coverages,  
997 discounts determined by risk or by any other factors shall be  
998 uniformly applied to all active employees participating in the  
999 insurance plan. It is the intent of the Legislature that the  
1000 state contribution to the plan be the same for each employee  
1001 throughout the state.

1002           (7) On October 1, 1999, any school district,  
1003 community/junior college district or public library may elect to  
1004 remain with an existing policy or policies of group life insurance  
1005 with an insurance company approved by the State and School  
1006 Employees Health Insurance Management Board, in lieu of  
1007 participation in the State and School Life Insurance Plan. The  
1008 state's contribution of up to fifty percent (50%) of the active  
1009 employee's premium under the State and School Life Insurance Plan  
1010 may be applied toward the cost of coverage for full-time employees  
1011 participating in the approved life insurance company group plan.  
1012 For purposes of this subsection (7), "life insurance company group  
1013 plan" means a plan administered or sold by a private insurance  
1014 company. After October 1, 1999, the board may assess charges in  
1015 addition to the existing State and School Life Insurance Plan  
1016 rates to those employees as a condition of enrollment in the State  
1017 and School Life Insurance Plan. In order for any life insurance  
1018 company group plan existing as of October 1, 1999, to be approved  
1019 by the State and School Employees Health Insurance Management  
1020 Board under this subsection (7), it shall meet the following  
1021 criteria:

1022           (a) The insurance company offering the group life  
1023 insurance plan shall be rated "A-" or better by A.M. Best state  
1024 insurance rating service and be licensed as an admitted carrier in  
1025 the State of Mississippi by the Mississippi Department of  
1026 Insurance.

1027           (b) The insurance company group life insurance plan  
1028 shall provide the same life insurance, accidental death and



1029 dismemberment insurance and waiver of premium benefits as provided  
1030 in the State and School Life Insurance Plan.

1031 (c) The insurance company group life insurance plan  
1032 shall be fully insured, and no form of self-funding life insurance  
1033 by such company shall be approved.

1034 (d) The insurance company group life insurance plan  
1035 shall have one (1) composite rate per One Thousand Dollars  
1036 (\$1,000.00) of coverage for active employees regardless of  
1037 age \* \* \*.

1038 (e) The insurance company and its group life insurance  
1039 plan shall comply with any administrative requirements of the  
1040 State and School Employees Health Insurance Management Board. If  
1041 any insurance company providing group life insurance benefits to  
1042 employees under this subsection (7) fails to comply with any  
1043 requirements specified in this subsection or any administrative  
1044 requirements of the board, the state shall discontinue providing  
1045 funding for the cost of that insurance.

1046 **SECTION 6.** Section 25-15-11, Mississippi Code of 1972, is  
1047 amended as follows:

1048 **[Through June 30 of the year in which Section 25-11-143**  
1049 **becomes effective as provided in subsection (1) of Section**  
1050 **25-11-143, this section shall read as follows:]**

1051 25-15-11. (1) The board is authorized to execute a contract  
1052 or contracts to provide the benefits under the plan. Such  
1053 contract or contracts may be executed with one or more  
1054 corporations or associations licensed to transact life and  
1055 accident and health insurance business in this state; however, no  
1056 such contract shall be executed with any corporation, association  
1057 or company domiciled in any other state except that such  
1058 corporation, association or company shall meet the conditions and  
1059 terms for a like contract established by the state of the domicile  
1060 of such corporation, association or company for a Mississippi  
1061 corporation, association or company. No corporation, association





1062 or company with less than five (5) years' experience in the life  
1063 and health field may bid. All of the benefits to be provided  
1064 under the plan may be included in one or more similar contracts,  
1065 or the benefits may be classified into different types with each  
1066 type included under one or more similar contracts issued by the  
1067 same or different companies.

1068 The board shall supply the statistical information upon which  
1069 a quotation is to be calculated, upon request, to all carriers  
1070 licensed in the state. Bids may be accepted at the discretion of  
1071 the board, and the board shall have the right to adjust rates on  
1072 an annual basis if the board shall deem such adjustment necessary.  
1073 The plan for active employees shall be on retention accounting  
1074 basis, and a separate retention accounting basis shall be used for  
1075 retired employees. Any additional written information the carrier  
1076 wishes to submit, supporting the proposed benefits and premium  
1077 rate, may accompany the proposal. After receiving the proposals,  
1078 the board shall determine whether to contract with the carrier  
1079 which has been determined to have submitted the lowest and best  
1080 bid, or to reject all such bids and receive new proposals.

1081 The board shall authorize any corporation licensed to  
1082 transact accident and health insurance business in this state  
1083 issuing any such contract to reinsure portions of such contract  
1084 with any other such corporation which elected to be a reinsurer  
1085 and is legally competent to enter into a reinsurance agreement.  
1086 The board may designate one or more of such corporations as the  
1087 administering corporation or corporations. Each employee who is  
1088 covered under any such contract or contracts shall receive a  
1089 certificate setting forth the benefits to which the employee is  
1090 entitled thereunder, to whom such benefits shall be payable, to  
1091 whom claims should be submitted, and summarizing the provisions of  
1092 the contract principally affecting the employee. Such certificate  
1093 shall be in lieu of the certificate which the corporation or



1094 corporations issuing such contract or contracts would otherwise  
1095 issue.

1096         The board may, as of the end of any contract year,  
1097 discontinue any contract or contracts it has executed with any  
1098 corporation or corporations and replace it or them with a contract  
1099 or contracts in any other corporation or corporations meeting the  
1100 requirements of this section.

1101         The board may reject any and all bids and contracts under  
1102 this section and may elect for the state to become a self-insurer;  
1103 however, administration and service of any such self-insured  
1104 program may be contracted to a third party by the board.

1105         Any contract with a third party to administer the plan shall  
1106 be bid and entered into in accordance with the procedures provided  
1107 in Section 25-15-301.

1108         (2) By September 30 of each year, the board shall report to  
1109 the Joint Legislative Budget Committee, Senate Insurance  
1110 Committee, House Insurance Committee, Senate Education Committee,  
1111 House Education Committee and Joint Legislative Committee on  
1112 Performance Evaluation and Expenditure Review the condition of the  
1113 State and School Employees Life and Health Insurance Plan. Such  
1114 report shall contain for the most recently completed fiscal year,  
1115 but not be limited to, the following:

1116                 (a) The plan's financial condition at the close of the  
1117 fiscal year.

1118                 (b) The history of yearly claims paid and premiums  
1119 received for each premium class, including, but not limited to,  
1120 active employees, dependents and retirees.

1121                 (c) The history of loss ratios for the active  
1122 employees, dependents and retirees premium classes as well as  
1123 historical trend of such ratios. For the purposes of this  
1124 section, the term "loss ratios" means claims paid by the plan for  
1125 each premium class divided by premiums received by the plan for  
1126 insurance coverage of the members in that premium class.



- 1127 (d) Budgetary information, including:
- 1128 (i) A detailed breakdown of all expenditures of
- 1129 the plan, administrative and otherwise, for the most recently
- 1130 completed fiscal year and projected expenditures, administrative
- 1131 and otherwise, for the current and next fiscal year;
- 1132 (ii) A schedule of all contracts, administrative
- 1133 and otherwise, executed for the benefit of the plan during the
- 1134 most recent completed fiscal year and those executed and
- 1135 anticipated for the current fiscal year; and
- 1136 (iii) A description of the processes used by the
- 1137 board to procure all contracts, administrative and otherwise, as
- 1138 well as a description of the scope of services to be provided by
- 1139 each contractor.

1140 Budgetary information shall be provided in a format

1141 designated by the Joint Legislative Budget Committee.

1142 The Joint Legislative Budget Committee, Senate Insurance

1143 Committee, House Insurance Committee, Senate Education Committee,

1144 House Education Committee and Joint Legislative Committee on

1145 Performance Evaluation and Expenditure Review may request

1146 additional information or reports from the board on an as-needed

1147 basis.

1148 (3) Annually, the board shall request, and the Department of

1149 Audit shall conduct, a comprehensive audit of the State and School

1150 Employees Life and Health Insurance Plan. For purposes of this

1151 section, the audit required herein shall be separate and distinct

1152 from any audit prepared in conjunction with the development of the

1153 Comprehensive Annual Financial Report (CAFR).

1154 **[From and after July 1 of the year in which Section 25-11-143**

1155 **becomes effective as provided in subsection (1) of Section**

1156 **25-11-143, this section shall read as follows:]**

1157 25-15-11. (1) The board is authorized to execute a contract

1158 or contracts to provide the benefits under the plan. That

1159 contract or contracts may be executed with one or more



1160 corporations or associations licensed to transact life and  
1161 accident and health insurance business in this state; however, no  
1162 such contract shall be executed with any corporation, association  
1163 or company domiciled in any other state unless the corporation,  
1164 association or company \* \* \* meets the conditions and terms for a  
1165 like contract established by the state of the domicile of the  
1166 corporation, association or company for a Mississippi corporation,  
1167 association or company. No corporation, association or company  
1168 with less than five (5) years' experience in the life and health  
1169 field may bid. All of the benefits to be provided under the plan  
1170 may be included in one or more similar contracts, or the benefits  
1171 may be classified into different types with each type included  
1172 under one or more similar contracts issued by the same or  
1173 different companies.

1174         The board shall supply the statistical information upon which  
1175 a quotation is to be calculated, upon request, to all carriers  
1176 licensed in the state. Bids may be accepted at the discretion of  
1177 the board, and the board shall have the right to adjust rates on  
1178 an annual basis if the board \* \* \* deems the adjustment necessary.  
1179 The plan for active employees shall be on retention accounting  
1180 basis \* \* \*. Any additional written information the carrier  
1181 wishes to submit, supporting the proposed benefits and premium  
1182 rate, may accompany the proposal. After receiving the proposals,  
1183 the board shall determine whether to contract with the carrier  
1184 that has been determined to have submitted the lowest and best  
1185 bid, or to reject all the bids and receive new proposals.

1186         The board shall authorize any corporation licensed to  
1187 transact accident and health insurance business in this state  
1188 issuing any such contract to reinsure portions of the contract  
1189 with any other such corporation that elected to be a reinsurer and  
1190 is legally competent to enter into a reinsurance agreement. The  
1191 board may designate one or more of those corporations as the  
1192 administering corporation or corporations. Each employee who is



1193 covered under any such contract or contracts shall receive a  
1194 certificate setting forth the benefits to which the employee is  
1195 entitled under the contracts, to whom the benefits will be  
1196 payable, to whom claims should be submitted, and summarizing the  
1197 provisions of the contract principally affecting the employee.  
1198 The certificate shall be in lieu of the certificate that the  
1199 corporation or corporations issuing the contract or contracts  
1200 would otherwise issue.

1201 The board may, as of the end of any contract year,  
1202 discontinue any contract or contracts it has executed with any  
1203 corporation or corporations and replace it or them with a contract  
1204 or contracts in any other corporation or corporations meeting the  
1205 requirements of this section.

1206 The board may reject any and all bids and contracts under  
1207 this section and may elect for the state to become a self-insurer;  
1208 however, administration and service of any such self-insured  
1209 program may be contracted to a third party by the board.

1210 Any contract with a third party to administer the plan shall  
1211 be bid and entered into in accordance with the procedures provided  
1212 in Section 25-15-301.

1213 (2) By September 30 of each year, the board shall report to  
1214 the Joint Legislative Budget Committee, Senate Insurance  
1215 Committee, House Insurance Committee, Senate Education Committee,  
1216 House Education Committee and Joint Legislative Committee on  
1217 Performance Evaluation and Expenditure Review the condition of the  
1218 State and School Employees Life and Health Insurance Plan. The  
1219 report shall contain for the most recently completed fiscal year,  
1220 but not be limited to, the following:

1221 (a) The plan's financial condition at the close of the  
1222 fiscal year.

1223 (b) The history of yearly claims paid and premiums  
1224 received for each premium class, including, but not limited to,  
1225 active employees and dependents \* \* \*.



1226 (c) The history of loss ratios for the active employees  
1227 and dependents \* \* \* premium classes as well as historical trend  
1228 of the ratios. For the purposes of this section, the term "loss  
1229 ratios" means claims paid by the plan for each premium class  
1230 divided by premiums received by the plan for insurance coverage of  
1231 the members in that premium class.

1232 (d) Budgetary information, including:

1233 (i) A detailed breakdown of all expenditures of  
1234 the plan, administrative and otherwise, for the most recently  
1235 completed fiscal year and projected expenditures, administrative  
1236 and otherwise, for the current and next fiscal year;

1237 (ii) A schedule of all contracts, administrative  
1238 and otherwise, executed for the benefit of the plan during the  
1239 most recent completed fiscal year and those executed and  
1240 anticipated for the current fiscal year; and

1241 (iii) A description of the processes used by the  
1242 board to procure all contracts, administrative and otherwise, as  
1243 well as a description of the scope of services to be provided by  
1244 each contractor.

1245 Budgetary information shall be provided in a format  
1246 designated by the Joint Legislative Budget Committee.

1247 The Joint Legislative Budget Committee, Senate Insurance  
1248 Committee, House Insurance Committee, Senate Education Committee,  
1249 House Education Committee and Joint Legislative Committee on  
1250 Performance Evaluation and Expenditure Review may request  
1251 additional information or reports from the board on an as-needed  
1252 basis.

1253 (3) Annually, the board shall request, and the Department of  
1254 Audit shall conduct, a comprehensive audit of the State and School  
1255 Employees Life and Health Insurance Plan. For purposes of this  
1256 section, the audit required herein shall be separate and distinct  
1257 from any audit prepared in conjunction with the development of the  
1258 Comprehensive Annual Financial Report (CAFR).



1259           **SECTION 7.** Section 25-15-14, Mississippi Code of 1972, is  
1260 amended as follows:

1261           **[Through June 30 of the year in which Section 25-11-143**  
1262 **becomes effective as provided in subsection (1) of Section**  
1263 **25-11-143, this section shall read as follows:]**

1264           25-15-14. Any elected state or district official who does  
1265 not run for reelection or who is defeated before being entitled to  
1266 receive a retirement allowance shall be eligible to continue to  
1267 participate in the State and School Employees Health Insurance  
1268 Plan under the same conditions and coverages for retired  
1269 employees.

1270           **[From and after July 1 of the year in which Section 25-11-143**  
1271 **becomes effective as provided in subsection (1) of Section**  
1272 **25-11-143, this section shall read as follows:]**

1273           25-15-14. Any elected state or district official who does  
1274 not run for reelection or who is defeated before being entitled to  
1275 receive a retirement allowance shall be eligible to continue to  
1276 participate in the State and School Employees Health Insurance  
1277 Plan and shall be required to pay the cost of the coverage.

1278           **SECTION 8.** Section 25-15-15, Mississippi Code of 1972, is  
1279 amended as follows:

1280           **[Through June 30 of the year in which Section 25-11-143**  
1281 **becomes effective as provided in subsection (1) of Section**  
1282 **25-11-143, this section shall read as follows:]**

1283           25-15-15. (1) The board is authorized to determine the  
1284 manner in which premiums and contributions by the state agencies,  
1285 local school districts, colleges, universities, community/junior  
1286 colleges and public libraries shall be collected to provide the  
1287 self-insured health insurance program for employees as provided  
1288 under this article. The state shall provide fifty percent (50%)  
1289 of the cost of the above life insurance plan and one hundred  
1290 percent (100%) of the cost of the above health insurance plan for  
1291 all active full-time employees, and the employees shall be given



1292 the opportunity to purchase coverage for their eligible dependents  
1293 with the premiums for such dependent coverage as well as the  
1294 employee's fifty percent (50%) share for his life insurance  
1295 coverage to be deductible from the employee's salary by the  
1296 agency, department or institution head, which deductions, together  
1297 with the fifty percent (50%) share of such life insurance premiums  
1298 of such employing agency, department or institution head from  
1299 funds appropriated to or authorized to be expended by such  
1300 employing agency, department or institution head, shall be  
1301 deposited directly into a depository bank or special fund in the  
1302 State Treasury, as determined by the board. These funds and  
1303 interest earned on these funds may be used for the disbursement of  
1304 claims and shall be exempt from the appropriation process.

1305 (2) The state shall provide annually, by line item in the  
1306 Mississippi Library Commission appropriation bill, such funds to  
1307 pay one hundred percent (100%) of the cost of health insurance  
1308 under the State and School Employees Health Insurance Plan for all  
1309 full-time library staff members in each public library in  
1310 Mississippi. The commission shall allot to each public library a  
1311 sufficient amount of those funds appropriated to pay the costs of  
1312 insurance for eligible employees. Any funds so appropriated by  
1313 line item which are not expended during the fiscal year for which  
1314 such funds were appropriated shall be carried forward for the same  
1315 purposes during the next succeeding fiscal year. If any premiums  
1316 for the health insurance and/or late charges and interest  
1317 penalties are not paid by a public library in a timely manner, as  
1318 defined by the board, the Mississippi Library Commission, upon  
1319 notice by the board, shall immediately withhold all subsequent  
1320 disbursements of funds to that public library.

1321 (3) The state shall annually provide one hundred percent  
1322 (100%) of the cost of the health insurance plan for all public  
1323 school district employees who work no less than twenty (20) hours  
1324 during each week and regular nonstudent school bus drivers. Where





1325 federal funding is allowable to defray, in full or in part, the  
1326 cost of participation in the program by district employees who  
1327 work no less than twenty (20) hours during the week and regular  
1328 nonstudent bus drivers, whose salaries are paid, in full or in  
1329 part, by federal funds, the allowance under this section shall be  
1330 reduced to the extent of such federal funding. Where the use of  
1331 federal funds is allowable but not available, it is the intent of  
1332 the Legislature that school districts contribute the cost of  
1333 participation for such employees from local funds, except that  
1334 parent fees for child nutrition programs shall not be increased to  
1335 cover such cost.

1336 (4) The state shall provide annually, by line item in the  
1337 community/junior college appropriation bill, such funds to pay one  
1338 hundred percent (100%) of the cost of the health insurance plan  
1339 for all community/junior college district employees who work no  
1340 less than twenty (20) hours during each week.

1341 (5) When the use of federal funding is allowable to defray,  
1342 in full or in part, the cost of participation in the insurance  
1343 plan by community/junior college district employees who work no  
1344 less than twenty (20) hours during each week, whose salaries are  
1345 paid, in full or in part, by federal funds, the allowance under  
1346 this section shall be reduced to the extent of the federal  
1347 funding. Where the use of federal funds is allowable but not  
1348 available, it is the intent of the Legislature that  
1349 community/junior college districts contribute the cost of  
1350 participation for such employees from local funds.

1351 (6) Any community/junior college district may contribute to  
1352 the cost of coverage for any district employee from local  
1353 community/junior college district funds, and any public school  
1354 district may contribute to the cost of coverage for any district  
1355 employee from nonminimum program funds. Any part of the cost of  
1356 such coverage for participating employees of public school  
1357 districts and public community/junior college districts that is



1358 not paid by the state shall be paid by the participating  
1359 employees, which shall be deducted from the salaries of the  
1360 employees in a manner determined by the board.

1361 (7) Any funds appropriated for the cost of insurance by line  
1362 item in the community/junior colleges appropriation bill which are  
1363 not expended during the fiscal year for which such funds were  
1364 appropriated shall be carried forward for the same purposes during  
1365 the next succeeding fiscal year.

1366 (8) The board may establish and enforce late charges and  
1367 interest penalties or other penalties for the purpose of requiring  
1368 the prompt payment of all premiums for life and health insurance  
1369 permitted under Chapter 15 of Title 25. All funds in excess of  
1370 the amount needed for disbursement of claims shall be deposited in  
1371 a special fund in the State Treasury to be known as the State and  
1372 School Employees Insurance Fund. The State Treasurer shall invest  
1373 all funds in the State and School Employees Insurance Fund and all  
1374 interest earned shall be credited to the State and School  
1375 Employees Insurance Fund. Such funds shall be placed with one or  
1376 more depositories of the state and invested on the first day such  
1377 funds are available for investment in certificates of deposit,  
1378 repurchase agreements or in United States Treasury bills or as  
1379 otherwise authorized by law for the investment of Public  
1380 Employees' Retirement System funds, as long as such investment is  
1381 made from competitive offering and at the highest and best market  
1382 rate obtainable consistent with any available investment  
1383 alternatives; however, such investments shall not be made in  
1384 shares of stock, common or preferred, or in any other investments  
1385 which would mature more than one (1) year from the date of  
1386 investment. The board shall have the authority to draw from this  
1387 fund periodically such funds as are necessary to operate the  
1388 self-insurance plan or to pay to the insurance carrier the cost of  
1389 operation of this plan, it being the purpose to limit the amount  
1390 of participation by the state to fifty percent (50%) of the cost



1391 of the life insurance program and not to limit the contracting for  
1392 additional benefits where the cost will be paid in full by the  
1393 employee. The state shall not share in the cost of coverage for  
1394 retired employees.

1395 (9) The board shall also provide for the creation of an  
1396 Insurance Reserve Fund and funds therein shall be invested by the  
1397 State Treasurer with all interest earned credited to the State and  
1398 School Employees Insurance Fund.

1399 (10) Any retired employee electing to purchase retired life  
1400 and health insurance will have the full cost of such insurance  
1401 deducted monthly from his State of Mississippi retirement plan  
1402 check or direct billed for the cost of the premium if the  
1403 retirement check is insufficient to pay for the premium. If the  
1404 board determines actuarially that the premium paid by the  
1405 participating retirees adversely affects the overall cost of the  
1406 plan to the state, then the department may impose a premium  
1407 surcharge, not to exceed fifteen percent (15%), upon such  
1408 participating retired employees who are under the age for Medicare  
1409 eligibility.

1410 **[From and after July 1 of the year in which Section 25-11-143**  
1411 **becomes effective as provided in subsection (1) of Section**  
1412 **25-11-143, this section shall read as follows:]**

1413 25-15-15. (1) The board may determine the manner in which  
1414 premiums and contributions by the state agencies, local school  
1415 districts, colleges, universities, community/junior colleges and  
1416 public libraries will be collected to provide the self-insured  
1417 health insurance program for employees as provided under this  
1418 article. The state shall provide fifty percent (50%) of the cost  
1419 of the above life insurance plan and one hundred percent (100%) of  
1420 the cost of the above health insurance plan for all active  
1421 full-time employees. The employees shall be given the opportunity  
1422 to purchase coverage for their eligible dependents with the  
1423 premiums for the dependent coverage, as well as the employee's



1424 fifty percent (50%) share for his life insurance coverage, to be  
1425 deductible from the employee's salary by the agency, department or  
1426 institution head. Those deductions, together with the fifty  
1427 percent (50%) share of the life insurance premiums of the  
1428 employing agency, department or institution head from funds  
1429 appropriated to or authorized to be expended by the employing  
1430 agency, department or institution head, shall be deposited  
1431 directly into a depository bank or special fund in the State  
1432 Treasury, as determined by the board. These funds and interest  
1433 earned on these funds may be used for the disbursement of claims  
1434 and shall be exempt from the appropriation process.

1435 (2) The state shall provide annually, by line item in the  
1436 Mississippi Library Commission appropriation bill, the funds to  
1437 pay one hundred percent (100%) of the cost of health insurance  
1438 under the State and School Employees Health Insurance Plan for all  
1439 full-time library staff members in each public library in  
1440 Mississippi. The commission shall allot to each public library a  
1441 sufficient amount of those funds appropriated to pay the costs of  
1442 insurance for eligible employees. Any funds so appropriated by  
1443 line item that are not expended during the fiscal year for which  
1444 the funds were appropriated shall be carried forward for the same  
1445 purposes during the next succeeding fiscal year. If any premiums  
1446 for the health insurance and/or late charges and interest  
1447 penalties are not paid by a public library in a timely manner, as  
1448 defined by the board, the Mississippi Library Commission, upon  
1449 notice by the board, shall immediately withhold all subsequent  
1450 disbursements of funds to that public library.

1451 (3) The state shall annually provide one hundred percent  
1452 (100%) of the cost of the health insurance plan for all public  
1453 school district employees who work no less than twenty (20) hours  
1454 during each week and regular nonstudent school bus drivers. Where  
1455 federal funding is allowable to defray, in full or in part, the  
1456 cost of participation in the program by district employees who



1457 work no less than twenty (20) hours during the week and regular  
1458 nonstudent bus drivers, whose salaries are paid, in full or in  
1459 part, by federal funds, the allowance under this section shall be  
1460 reduced to the extent of that federal funding. Where the use of  
1461 federal funds is allowable but not available, it is the intent of  
1462 the Legislature that school districts contribute the cost of  
1463 participation for the employees from local funds, except that  
1464 parent fees for child nutrition programs shall not be increased to  
1465 cover that cost.

1466 (4) The state shall provide annually, by line item in the  
1467 community/junior college appropriation bill, the funds to pay one  
1468 hundred percent (100%) of the cost of the health insurance plan  
1469 for all community/junior college district employees who work no  
1470 less than twenty (20) hours during each week.

1471 (5) When the use of federal funding is allowable to defray,  
1472 in full or in part, the cost of participation in the insurance  
1473 plan by community/junior college district employees who work no  
1474 less than twenty (20) hours during each week, whose salaries are  
1475 paid, in full or in part, by federal funds, the allowance under  
1476 this section shall be reduced to the extent of the federal  
1477 funding. Where the use of federal funds is allowable but not  
1478 available, it is the intent of the Legislature that  
1479 community/junior college districts contribute the cost of  
1480 participation for the employees from local funds.

1481 (6) Any community/junior college district may contribute to  
1482 the cost of coverage for any district employee from local  
1483 community/junior college district funds, and any public school  
1484 district may contribute to the cost of coverage for any district  
1485 employee from nonminimum program funds. Any part of the cost of  
1486 the coverage for participating employees of public school  
1487 districts and public community/junior college districts that is  
1488 not paid by the state shall be paid by the participating



1489 employees, which shall be deducted from the salaries of the  
1490 employees in a manner determined by the board.

1491 (7) Any funds appropriated for the cost of insurance by line  
1492 item in the community/junior colleges appropriation bill that are  
1493 not expended during the fiscal year for which the funds were  
1494 appropriated shall be carried forward for the same purposes during  
1495 the next succeeding fiscal year.

1496 (8) The board may establish and enforce late charges and  
1497 interest penalties or other penalties for the purpose of requiring  
1498 the prompt payment of all premiums for life and health insurance  
1499 permitted under Chapter 15 of Title 25. All funds in excess of  
1500 the amount needed for disbursement of claims shall be deposited in  
1501 a special fund in the State Treasury to be known as the State and  
1502 School Employees Insurance Fund. The State Treasurer shall invest  
1503 all funds in the State and School Employees Insurance Fund and all  
1504 interest earned shall be credited to the State and School  
1505 Employees Insurance Fund. Those funds shall be placed with one or  
1506 more depositories of the state and invested on the first day that  
1507 the funds are available for investment in certificates of deposit,  
1508 repurchase agreements or in United States Treasury bills or as  
1509 otherwise authorized by law for the investment of Public  
1510 Employees' Retirement System funds, as long as the investment is  
1511 made from competitive offering and at the highest and best market  
1512 rate obtainable consistent with any available investment  
1513 alternatives. However, those investments shall not be made in  
1514 shares of stock, common or preferred, or in any other investments  
1515 that would mature more than one (1) year from the date of  
1516 investment. The board shall have the authority to draw from this  
1517 fund periodically such funds as are necessary to operate the  
1518 self-insurance plan or to pay to the insurance carrier the cost of  
1519 operation of this plan, it being the purpose to limit the amount  
1520 of participation by the state to fifty percent (50%) of the cost  
1521 of the life insurance program and not to limit the contracting for



1522 additional benefits where the cost will be paid in full by the  
1523 employee. \* \* \*

1524 (9) The board shall also provide for the creation of an  
1525 Insurance Reserve Fund, and funds in the reserve fund shall be  
1526 invested by the State Treasurer with all interest earned credited  
1527 to the State and School Employees Insurance Fund.

1528 \* \* \*

1529 **SECTION 9.** Section 25-15-103, Mississippi Code of 1972, is  
1530 amended as follows:

1531 **[Through June 30 of the year in which Section 25-11-143**  
1532 **becomes effective as provided in subsection (1) of Section**  
1533 **25-11-143, this section shall read as follows:]**

1534 25-15-103. The maximum amount of group insurance or other  
1535 coverage used in determining employer's limitation of one hundred  
1536 percent (100%) of such costs shall be determined by regulations  
1537 promulgated by the governing board or head of any political  
1538 subdivision, school district, junior college district,  
1539 institution, department or agency named in Sections 25-15-101 and  
1540 25-15-103, but the life insurance for each employee shall not  
1541 exceed Fifty Thousand Dollars (\$50,000.00), or the amount of  
1542 deduction allowed by the United States Internal Revenue Service in  
1543 filing a federal tax return, whichever is greater. A like amount  
1544 may be for accidental death; accident, health and salary  
1545 protection insurance, providing benefits not exceeding sixty  
1546 percent (60%) of the employee's income, or the amount allowed by  
1547 the United States Internal Revenue Service in filing a federal tax  
1548 return, whichever is greater. Hospitalization benefits for room  
1549 and board may not exceed the average semiprivate cost per day; and  
1550 the other coverages authorized hereinabove. The limitations in  
1551 this paragraph on the amount of group insurance and other coverage  
1552 which employers may obtain for their employees shall not be  
1553 applicable to municipalities.



1554 Any employee who retires due to one hundred percent (100%)  
1555 medical disability, or due to reaching the statutory age of  
1556 retirement under the provisions of the Public Employees'  
1557 Retirement Law of 1952, being Sections 25-11-101 through  
1558 25-11-139, may, if he elects, remain a member of the group plan  
1559 for such life insurance and other benefits as may be agreed to by  
1560 the governing board or institution, department, or agency head and  
1561 the companies writing such insurance and other coverage, by paying  
1562 the entire costs thereof.

1563 When any of the political subdivisions, school districts,  
1564 junior college districts, institutions, departments, or agencies  
1565 named in Sections 25-15-101 and 25-15-103 have adopted the group  
1566 coverage plan authorized by said sections, any of the employees  
1567 thereof participating in the plan who desire to secure additional  
1568 benefits for their dependents with the company or companies  
1569 providing such group coverage may do so by authorizing in writing  
1570 the deduction from his or her salary or wages of the necessary  
1571 amounts for the full payment of such additional coverage, and the  
1572 same may be deducted and paid for such purposes, but the entire  
1573 cost of such additional coverage for dependents shall be paid by  
1574 the employee.

1575 Said municipality may provide group life insurance coverage  
1576 for all or specified groups of its public employees and group  
1577 hospitalization benefits for such public employees and their  
1578 dependents, and the municipality may pay the total of the cost of  
1579 all benefits under this section.

1580 **[From and after July 1 of the year in which Section 25-11-143**  
1581 **becomes effective as provided in subsection (1) of Section**  
1582 **25-11-143, this section shall read as follows:]**

1583 25-15-103. The maximum amount of group insurance or other  
1584 coverage used in determining the employer's limitation of one  
1585 hundred percent (100%) of the costs shall be determined by  
1586 regulations promulgated by the governing board or head of any





1587 political subdivision, school district, junior college district,  
1588 institution, department or agency named in Sections 25-15-101 and  
1589 25-15-103, but the life insurance for each employee shall not  
1590 exceed Fifty Thousand Dollars (\$50,000.00), or the amount of  
1591 deduction allowed by the United States Internal Revenue Service in  
1592 filing a federal tax return, whichever is greater. A like amount  
1593 may be for accidental death, accident, health and salary  
1594 protection insurance, providing benefits not exceeding sixty  
1595 percent (60%) of the employee's income, or the amount allowed by  
1596 the United States Internal Revenue Service in filing a federal tax  
1597 return, whichever is greater. Hospitalization benefits for room  
1598 and board may not exceed the average semiprivate cost per day; and  
1599 the other coverages authorized hereinabove. The limitations in  
1600 this paragraph on the amount of group insurance and other coverage  
1601 that employers may obtain for their employees shall not be  
1602 applicable to municipalities.

1603 \* \* \*

1604 When any of the political subdivisions, school districts,  
1605 junior college districts, institutions, departments or agencies  
1606 named in Sections 25-15-101 and 25-15-103 have adopted the group  
1607 coverage plan authorized by those sections, any of the employees  
1608 thereof participating in the plan who desire to secure additional  
1609 benefits for their dependents with the company or companies  
1610 providing the group coverage may do so by authorizing in writing  
1611 the deduction from his or her salary or wages of the necessary  
1612 amounts for the full payment of the additional coverage, and the  
1613 same may be deducted and paid for those purposes, but the entire  
1614 cost of the additional coverage for dependents shall be paid by  
1615 the employee.

1616 A municipality may provide group life insurance coverage for  
1617 all or specified groups of its public employees and group  
1618 hospitalization benefits for the public employees and their



1619 dependents, and the municipality may pay the total of the cost of  
1620 all benefits under this section.

1621         **SECTION 10.** Section 25-11-141, Mississippi Code of 1972, is  
1622 amended as follows:

1623         **[Through June 30 of the year in which Section 25-11-143**  
1624 **becomes effective as provided in subsection (1) of Section**  
1625 **25-11-143, this section shall read as follows:]**

1626         25-11-141. The board of trustees may enter into an agreement  
1627 with insurance companies, hospital service associations, medical  
1628 or health care corporations, health maintenance organizations, or  
1629 government agencies authorized to do business in the state for  
1630 issuance of a policy or contract of life, health, medical,  
1631 hospital or surgical benefits, or any combination thereof, for  
1632 those persons receiving a service, disability or survivor  
1633 retirement allowance from any system administered by the board.  
1634 Notwithstanding any other provision of this chapter, the policy or  
1635 contract also may include coverage for the spouse and dependent  
1636 children of such eligible person and for such sponsored dependents  
1637 as the board considers appropriate. If all or any portion of the  
1638 policy or contract premium is to be paid by any person receiving a  
1639 service, disability or survivor retirement allowance, such person  
1640 shall, by written authorization, instruct the board to deduct from  
1641 the retirement allowance the premium cost and to make payments to  
1642 such companies, associations, corporations or agencies.

1643         The board may contract for such coverage on the basis that  
1644 the cost of the premium for the coverage will be paid by the  
1645 person receiving a retirement allowance.

1646         The board is authorized to accept bids for such optional  
1647 coverage and benefits and to make all necessary rules pursuant to  
1648 the purpose and intent of this section.

1649         **[From and after July 1 of the year in which Section 25-11-143**  
1650 **becomes effective as provided in subsection (1) of Section**  
1651 **25-11-143, this section shall read as follows:]**



1652           25-11-141. The board of trustees may enter into an agreement  
1653 with insurance companies \* \* \* or government agencies authorized  
1654 to do business in the state for issuance of a policy or contract  
1655 of life, dental, vision or other similar benefits, or any  
1656 combination thereof, for those persons receiving a service,  
1657 disability or survivor retirement allowance from any system  
1658 administered by the board. Notwithstanding any other provision of  
1659 this chapter, the policy or contract also may include coverage for  
1660 the spouse and dependent children of the eligible person and for  
1661 such sponsored dependents as the board considers appropriate. If  
1662 all or any portion of the policy or contract premium is to be paid  
1663 by any person receiving a service, disability or survivor  
1664 retirement allowance, the person shall, by written authorization,  
1665 instruct the board to deduct from the retirement allowance the  
1666 premium cost and to make payments to those companies,  
1667 associations, corporations or agencies.

1668           The board may contract for this coverage on the basis that  
1669 the cost of the premium for the coverage will be paid by the  
1670 person receiving a retirement allowance.

1671           The board is authorized to accept bids for the optional  
1672 coverage and benefits and to make all necessary rules to carry out  
1673 the purpose and intent of this section.

1674           **SECTION 11.** This act shall take effect and be in force from  
1675 and after July 1, 2002.

