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

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

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

(4) (a) Retirees may decline coverage in the plan established by this section, but they may be included in the plan...
later if they apply for coverage during any open enrollment periods that may be established by the board and can show, by evidence considered sufficient to the board, that they were covered by health insurance during the period of time that they were not covered by the plan established by this section. The board may adjust the amount of the subsidy for those persons and may limit the number of times retirees who decline coverage who may be later included in the plan. (b) The board shall determine the manner in which persons who elect continuation coverage under the federal Consolidated Omnibus Budget Reconciliation Act of 1987 (COBRA) will be treated regarding their eligibility for coverage under the plan established under this section and the amount of the subsidy for those persons. (5) From and after January 1 following the year in which this section becomes effective as provided in subsection (1) of this section, the board shall subsidize a portion of the cost of providing the plan of health insurance to retirees. The amount of the subsidy provided for each retiree shall be equal to a percentage of the annual cost of providing coverage under the plan to the retiree as determined by the board. Except as otherwise provided in this section, the percentage amount of the subsidy shall be two percent (2%) for each year of creditable service, less any fronted service for age-limited disability benefits of the retiree up to a maximum of sixty percent (60%). Once the percentage amount of the subsidy has been determined under this subsection, it may not be changed unless the retiree returns to membership service and earns additional years of creditable service or elects not to be enrolled in the plan for a period of time. (6) The amount of the subsidy for each disability retiree shall be calculated in the same manner as other retirees. For purposes of determining the amount that a disability retiree must
pay above the subsidy for coverage under the plan, the cost of coverage for disability retirees shall be deemed to be the average cost of providing coverage for other retirees as determined by the board.

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

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

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

(10) The board:

(a) Shall administer the plan;

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

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

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

(2) In managing the funds received for the insurance program established in Section 25-11-143, the board from time to time shall determine the current requirements for payments and administrative expense that will be maintained as a cash working balance, except that the cash working balance shall not exceed at any time an amount necessary to meet the current obligations of the fund for a period of ninety (90) days. Any amounts in excess of the cash working balance shall be invested, as follows, at such periodic intervals as the board may determine:
(a) Funds may be deposited in federally insured institutions;
(b) Corporate and taxable municipal bonds of investment grade as rated by Standard and Poor's or by Moody's Investment Service, with bonds rated BAA/BBB not to exceed five percent (5%) of the book value of the total fixed income investments, or corporate short-term obligations of corporations or of wholly owned subsidiaries of corporations, whose short-term obligations are rated A-3 or better by Standard and Poor's or rated P-3 or better by Moody's Investment Service;
(c) Bonds of the Tennessee Valley Authority; bonds, notes, certificates and other valid obligations of the United States, and other valid obligations of any federal instrumentality that issues securities under authority of an act of Congress and are exempt from registration with the Securities and Exchange Commission; bonds, notes, debentures and other securities issued by any federal instrumentality and fully guaranteed by the United States;

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

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

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

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

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

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

(v) The shares of any one (1) corporation owned by the fund shall not exceed five percent (5%) of that corporation's outstanding stock;
(f) Bonds rated Single A or better, stocks and convertible securities of established non-United States companies, and in foreign government securities rated Single A or better by a recognized rating agency, provided that the total book value of investments under this paragraph at no time shall exceed thirty percent (30%) of the total book value of the total investment fund. The board may take requisite action to effectuate or hedge those transactions through foreign or domestic banks, including the purchase and sale, transfer, exchange, or otherwise disposal of, and generally deal in foreign exchange through the use of foreign currency, interbank forward contracts, futures contracts, options contracts, swaps and other related derivative instruments;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Annuity savings account. In the annuity savings account shall be accumulated the contributions made by members to provide for their annuities, including interest thereon which shall be
posted monthly. Credits to and charges against the annuity savings account shall be made as follows:

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

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

(b) Annuity reserve. The annuity reserve shall be the account representing the actuarial value of all annuities in force, and to it shall be charged all annuities and all benefits in lieu of annuities, payable as provided in this article. If a beneficiary retired on account of disability is restored to active
service with a compensation not less than his average final compensation at the time of his last retirement, the remainder of his contributions shall be transferred from the annuity reserve to the annuity savings account and credited to his individual account therein, and the balance of his annuity reserve shall be transferred to the employer's accumulation account.

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

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

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

(3) The total amount payable in each year to the employer's accumulation account shall not be less than the sum of the percentage rate known as the "normal contribution" rate and the "accrued liability contribution" rate of the total compensation earnable by all members during the preceding year, provided that the payment by the employer shall be sufficient, when combined with the amounts in the account, to provide the
allowances and other benefits chargeable to this account during
the year then current.

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

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

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

(d) Expense account. The expense account shall be the
account to which the expenses of the administration of the system
shall be charged, exclusive of amounts payable as retirement
allowances and as other benefits provided herein. The Legislature
shall make annual appropriations in amounts sufficient to
administer the system, which shall be credited to this account.
There shall be transferred to the State Treasury from this
account, not less than once per month, an amount sufficient for
payment of the estimated expenses of the system for the succeeding
thirty (30) days. Any interest earned on the expense account
shall accrue to the benefit of the system. * * * However, * * *
notwithstanding the provisions of Sections 25-11-15(10) and
25-11-105(f)(5)E, all expenses of the administration of the system
shall be paid from the interest earnings, provided the interest
earnings are in excess of the actuarial interest assumption as
determined by the board, and provided the present cost of the
administrative expense fee of two percent (2%) of the
contributions reported by the political subdivisions and
instrumentalities shall be reduced to one percent (1%) from and after July 1, 1983, through June 30, 1984, and shall be eliminated thereafter.

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

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

(f) Upon the basis of each actuarial valuation provided herein, the board of trustees shall biennially determine the normal contribution rate and the accrued liability contribution rate as provided in this section. The sum of these two (2) rates shall be known as the "employer's contribution rate." Beginning on earned compensation effective January 1, 1990, the rate computed as provided in this section shall be nine and three-fourths percent (9-3/4%). **The board shall reduce the employer's contribution rate by one percent (1%) from and after July 1 of the year following the year in which the board** determines and the board's actuary certifies that the employer's contribution rate can be reduced by that amount without causing the unfunded accrued actuarial liability amortization period for the retirement system to exceed twenty (20) years. **The percentage rate of those contributions shall be fixed biennially by the board on the basis of the liabilities of the retirement system for the various allowances and benefits as shown by actuarial valuation.**
The amount payable by the employer on account of normal and accrued liability contributions shall be determined by applying the employer's contribution rate to the amount of compensation earned by employees who are members of the system. Monthly, or at such time as the board of trustees designates, each department or agency shall compute the amount of the employer's contribution payable, with respect to the salaries of its employees who are members of the system, and shall cause that amount to be paid to the board of trustees from the personal service allotment of the amount appropriated for the operation of the department or agency, or from funds otherwise available to the agency, for the payment of salaries to its employees.

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

The board shall provide by rules for the methods of collection of contributions of employers and members. The amounts determined due by an agency to the various funds as specified in Articles 1 and 3 are made obligations of the agency to the board and shall be paid as provided herein. Failure to deduct those contributions shall not relieve the employee and employer from liability thereof. Delinquent employee contributions and any accrued interest shall be the obligation of the employee and delinquent employer contributions and any accrued interest shall be the obligation of the employer. The employer may, in its discretion, elect to pay any or all of the interest on delinquent employee contributions. From and after July 1, 1996, under rules and regulations established by the board, all employers are authorized and shall transfer all funds due to the Public Employees' Retirement System electronically and shall transmit any wage or other reports by computerized reporting systems.
SECTION 4. Section 25-15-3, Mississippi Code of 1972, is amended as follows:

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

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

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

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

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

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

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

(f) "Board" means the State and School Employees Health Insurance Management Board created under Section 25-15-303.
[From and after July 1 of the year in which Section 25-11-143 becomes effective as provided in subsection (1) of Section 25-11-143, this section shall read as follows:]

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

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

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

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

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

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

SECTION 5. Section 25-15-9, Mississippi Code of 1972, is amended as follows:
Through June 30 of the year in which Section 25-11-143 becomes effective as provided in subsection (1) of Section 25-11-143, this section shall read as follows:

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

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

Any corporation, association, company or individual that
contracts with the board for the third-party claims administration
of the self-insured plan shall prepare and keep on file an
explanation of benefits for each claim processed. The explanation
of benefits shall contain such information relative to each
processed claim which the board deems necessary, and, at a
minimum, each explanation shall provide the claimant's name, claim
number, provider number, provider name, service dates, type of
services, amount of charges, amount allowed to the claimant and
reason codes. The information contained in the explanation of
benefits shall be available for inspection upon request by the
board. The board shall have access to all claims information
utilized in the issuance of payments to employees and providers.
(b) There is created an advisory council to advise the board in the formulation of the State and School Employees Health Insurance Plan. The council shall be composed of the State Insurance Commissioner or his designee, an employee-representative of the institutions of higher learning appointed by the board of trustees thereof, an employee-representative of the Department of Transportation appointed by the director thereof, an employee-representative of the State Tax Commission appointed by the Commissioner of Revenue, an employee-representative of the Mississippi Department of Health appointed by the State Health Officer, an employee-representative of the Mississippi Department of Corrections appointed by the Commissioner of Corrections, and an employee-representative of the Department of Human Services appointed by the Executive Director of Human Services, two (2) certificated public school administrators appointed by the State Board of Education, two (2) certificated classroom teachers appointed by the State Board of Education, a noncertificated school employee appointed by the State Board of Education and a community/junior college employee appointed by the State Board for Community and Junior Colleges.

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

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

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

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

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

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

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

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

(3) (a) Schedule of life insurance benefits--group term: The amount of term life insurance for each active employee of a department, agency or institution of the state government shall not be in excess of One Hundred Thousand Dollars ($100,000.00), or twice the amount of the employee's annual wage to the next highest One Thousand Dollars ($1,000.00), whichever may be less, but in no case less than Thirty Thousand Dollars ($30,000.00), with a like amount for accidental death and dismemberment on a twenty-four-hour basis. The plan will further contain a premium waiver provision if a covered employee becomes totally and permanently disabled prior to age sixty-five (65) years.
Employees retiring after June 30, 1999, shall be eligible to continue life insurance coverage in an amount of Five Thousand Dollars ($5,000.00), Ten Thousand Dollars ($10,000.00) or Twenty Thousand Dollars ($20,000.00) into retirement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

* * *

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

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

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

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

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

(5) The board may offer medical savings accounts as defined in Section 71-9-3 as a plan option.
(6) Any premium differentials, differences in coverages, discounts determined by risk or by any other factors shall be uniformly applied to all active employees participating in the insurance plan. It is the intent of the Legislature that the state contribution to the plan be the same for each employee throughout the state.

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

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

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

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

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

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

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

[Through June 30 of the year in which Section 25-11-143 becomes effective as provided in subsection (1) of Section 25-11-143, this section shall read as follows:] 25-15-11. (1) The board is authorized to execute a contract or contracts to provide the benefits under the plan. Such contract or contracts may be executed with one or more corporations or associations licensed to transact life and accident and health insurance business in this state; however, no such contract shall be executed with any corporation, association or company domiciled in any other state except that such corporation, association or company shall meet the conditions and terms for a like contract established by the state of the domicile of such corporation, association or company for a Mississippi corporation, association or company. No corporation, association
or company with less than five (5) years' experience in the life and health field may bid. All of the benefits to be provided under the plan may be included in one or more similar contracts, or the benefits may be classified into different types with each type included under one or more similar contracts issued by the same or different companies.

The board shall supply the statistical information upon which a quotation is to be calculated, upon request, to all carriers licensed in the state. Bids may be accepted at the discretion of the board, and the board shall have the right to adjust rates on an annual basis if the board shall deem such adjustment necessary.

The plan for active employees shall be on retention accounting basis, and a separate retention accounting basis shall be used for retired employees. Any additional written information the carrier wishes to submit, supporting the proposed benefits and premium rate, may accompany the proposal. After receiving the proposals, the board shall determine whether to contract with the carrier which has been determined to have submitted the lowest and best bid, or to reject all such bids and receive new proposals.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The board shall authorize any corporation licensed to transact accident and health insurance business in this state issuing any such contract to reinsure portions of the contract with any other such corporation elected to be a reinsurer and is legally competent to enter into a reinsurance agreement. The board may designate one or more of those corporations as the administering corporation or corporations. Each employee who is
covered under any such contract or contracts shall receive a certificate setting forth the benefits to which the employee is entitled under the contracts, to whom the benefits will be payable, to whom claims should be submitted, and summarizing the provisions of the contract principally affecting the employee. The certificate shall be in lieu of the certificate that the corporation or corporations issuing the contract or contracts would otherwise issue.

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

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

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

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

(a) The plan’s financial condition at the close of the fiscal year.

(b) The history of yearly claims paid and premiums received for each premium class, including, but not limited to, active employees and dependents.
(c) The history of loss ratios for the active employees and dependents * * * premium classes as well as historical trend of the ratios. For the purposes of this section, the term "loss ratios" means claims paid by the plan for each premium class divided by premiums received by the plan for insurance coverage of the members in that premium class.

(d) Budgetary information, including:

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

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

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

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

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

(3) Annually, the board shall request, and the Department of Audit shall conduct, a comprehensive audit of the State and School Employees Life and Health Insurance Plan. For purposes of this section, the audit required herein shall be separate and distinct from any audit prepared in conjunction with the development of the Comprehensive Annual Financial Report (CAFR).
SECTION 7. Section 25-15-14, Mississippi Code of 1972, is amended as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

* * *

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

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

25-15-103. The maximum amount of group insurance or other coverage used in determining employer's limitation of one hundred percent (100%) of such costs shall be determined by regulations promulgated by the governing board or head of any political subdivision, school district, junior college district, institution, department or agency named in Sections 25-15-101 and 25-15-103, but the life insurance for each employee shall not exceed Fifty Thousand Dollars ($50,000.00), or the amount of deduction allowed by the United States Internal Revenue Service in filing a federal tax return, whichever is greater. A like amount may be for accidental death; accident, health and salary protection insurance, providing benefits not exceeding sixty percent (60%) of the employee's income, or the amount allowed by the United States Internal Revenue Service in filing a federal tax return, whichever is greater. Hospitalization benefits for room and board may not exceed the average semiprivate cost per day; and the other coverages authorized hereinabove. The limitations in this paragraph on the amount of group insurance and other coverage which employers may obtain for their employees shall not be applicable to municipalities.
Any employee who retires due to one hundred percent (100%) medical disability, or due to reaching the statutory age of retirement under the provisions of the Public Employees' Retirement Law of 1952, being Sections 25-11-101 through 25-11-139, may, if he elects, remain a member of the group plan for such life insurance and other benefits as may be agreed to by the governing board or institution, department, or agency head and the companies writing such insurance and other coverage, by paying the entire costs thereof.

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

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

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

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

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

A municipality may provide group life insurance coverage for all or specified groups of its public employees and group hospitalization benefits for the public employees and their
dependents, and the municipality may pay the total of the cost of
all benefits under this section.

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

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

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

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

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

[From and after July 1 of the year in which Section 25-11-143
becomes effective as provided in subsection (1) of Section
25-11-143, this section shall read as follows:]}
25-11-141. The board of trustees may enter into an agreement with insurance companies or government agencies authorized to do business in the state for issuance of a policy or contract of life, dental, vision or other similar benefits, or any combination thereof, for those persons receiving a service, disability or survivor retirement allowance from any system administered by the board. Notwithstanding any other provision of this chapter, the policy or contract also may include coverage for the spouse and dependent children of the eligible person and for such sponsored dependents as the board considers appropriate. If all or any portion of the policy or contract premium is to be paid by any person receiving a service, disability or survivor retirement allowance, the person shall, by written authorization, instruct the board to deduct from the retirement allowance the premium cost and to make payments to those companies, associations, corporations or agencies.

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

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

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