MISSISSIPPI LEGISLATURE
REGULAR SESSION 2002
By: Senator(s) Thames
To: Finance

SENATE BILL NO. 2879

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AN ACT TO CREATE NEW SECTION 25-11-143, MISSISSIPPI CODE OF 1972, TO REQUIRE THE BOARD OF TRUSTEES OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM TO DESIGN A PLAN OF HEALTH INSURANCE FOR ALL CURRENT AND FUTURE RETIREES; TO PROVIDE THAT THE PLAN SHALL INITIALLY HAVE BENEFITS EQUIVALENT TO THOSE IN THE STATE AND SCHOOL EMPLOYEES HEALTH INSURANCE PLAN; TO PROVIDE THAT THE BOARD MAY MODIFY THE PLAN AS NECESSARY TO MEET THE NEEDS OF THE MEMBERS OF THE PLAN AND TO MAINTAIN THE FISCAL SOUNDNESS OF THE PLAN; TO PROVIDE THAT THE BOARD MAY OFFER AN OPTIONAL PLAN TO RETIREES WHO ARE ELIGIBLE FOR MEDICARE; TO PROVIDE FOR THE TREATMENT OF RETIREES WHO DECLINE COVERAGE UNDER THE PLAN OR WHO ELECT CONTINUING COVERAGE UNDER COBRA; TO PROVIDE THAT THE BOARD OF TRUSTEES SHALL SUBSIDIZE A PORTION OF THE COST OF PROVIDING THE HEALTH INSURANCE PLAN TO RETIREES; TO PROVIDE FOR THE AMOUNT OF SUBSIDY; TO PROVIDE THAT EACH EMPLOYER SHALL PAY MONTHLY AN AMOUNT EQUAL TO 2.19% OF THE TOTAL PAYROLL OF THE EMPLOYER THAT IS ATTRIBUTABLE TO CONTRIBUTING MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM; TO PROVIDE THAT A CERTAIN AMOUNT OF THE PAYMENTS RECEIVED BY THE BOARD OF TRUSTEES SHALL BE HELD IN A FUND AND UTILIZED BY THE BOARD TO SUBSIDIZE THE HEALTH INSURANCE PLAN REQUIRED TO BE ESTABLISHED BY THIS ACT; TO GRANT THE BOARD OF TRUSTEES CERTAIN POWERS AND DUTIES IN REGARD TO THE PLAN; TO CREATE A NEW SECTION TO BE CODIFIED AS SECTION 25-11-145, MISSISSIPPI CODE OF 1972, TO PROVIDE THE MANNER IN WHICH THE FUNDS RECEIVED BY THE INSURANCE PROGRAM ESTABLISHED IN SECTION 25-11-143, MISSISSIPPI CODE OF 1972, MAY BE INVESTED; TO AMEND SECTIONS 25-15-3, 25-15-9, 25-15-11, 25-15-15 AND 25-15-103, MISSISSIPPI CODE OF 1972, TO REMOVE PROVISIONS THAT AUTHORIZE RETIREES TO BE INCLUDED IN THE STATE AND SCHOOL EMPLOYEES LIFE AND HEALTH INSURANCE PLAN; TO AMEND SECTION 25-15-14, MISSISSIPPI CODE OF 1972 TO PROVIDE THAT ELECTED STATE AND DISTRICT OFFICIALS ELIGIBLE FOR GROUP HEALTH INSURANCE AFTER LEAVING OFFICE WILL CONTINUE TO PARTICIPATE IN THE STATE AND SCHOOL EMPLOYEES HEALTH INSURANCE PLAN AND NOT IN THE NEW PLAN FOR RETIREES; TO AMEND SECTION 25-11-141, MISSISSIPPI CODE OF 1972, IN CONFORMITY TO THE PROVISIONS OF THIS ACT; AND FOR RELATED PURPOSES.

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

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

25-11-143. (1) As used in this act, 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.

(2) The board shall design a plan of health insurance for all current and future retirees that will take effect from and after January 1, 2004. 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.

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

(4) From and after January 1, 2004, 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%); however, for retirees who retire and enroll before they reach the age of sixty (60), the percentage amount of the subsidy shall be reduced and that reduced percentage shall be calculated by multiplying the total percentage amount of the subsidy without reduction by one (1) minus the product of the number of years under the age of sixty (60) that the retiree was at enrollment times three percent (3%). The formula for the calculation of the reduced percentage is:

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

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

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

From and after July 1, 2003, each employer shall pay monthly to the board an amount equal to two and nineteen one-hundredths percent (2.19%) of the total payroll of the employer on which retirement contributions are made under retirement plans administered by the Public Employees' Retirement System.

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 such funds held by the board shall be utilized for the purpose of subsidizing the health insurance plan required to be established by this section, and shall be invested as provided in Section 2 of this act.

The board:

(a) Shall administer the plan.

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

(c) May enter into contracts with accountants, actuaries and other persons whose skills are necessary to carry out the provisions of this section.
(d) Is authorized to procure legal services if it deems these services necessary to carry out its responsibilities under this section.

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

25-11-145. (1) In managing the funds received for the insurance program established in Section 25-11-143, the board 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.

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

(3) 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.
(4) 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.
(5) 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.
(6) All interest derived from investments and any gains from
the sale or exchange of investments shall be credited by the board
to the account of the fund.
(7) The board of trustees shall be the custodian and
fiduciary of the fund.
(8) For the purpose of meeting disbursements, cash may be
kept available, not exceeding the requirements of the fund for a
period of ninety (90) days, on deposit in one or more banks or
trust companies organized under the laws of the State of
Mississippi or the laws of the United States, provided that the
sum on deposit in any one (1) bank or trust company shall not
exceed thirty-five percent (35%) of the paid-up capital and
regular surplus of the bank or trust company.
(9) The board of trustees shall determine the degree of
collateralization necessary for both foreign and domestic demand
deposit accounts in addition to that which is guaranteed by the
Federal Deposit Insurance Corporation or such other federal
insurance program as may be in effect.

(10) The board, the executive director and employees shall
discharge their duties with respect to the investments of the
system solely for the interest of the fund with the care, skill,
prudence and diligence under the circumstances then prevailing
that a prudent person acting in a like capacity and familiar with
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.

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

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

25-15-3. For the purposes of this article, the words and
phrases used 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 4. Section 25-15-9, Mississippi Code of 1972, is amended as follows:

25-15-9. (1) (a) The board shall design a plan of health insurance for state employees 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 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.

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(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
thereo, or any implementing legislation.

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

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

(b) Effective October 1, 1999, schedule of life
insurance benefits--group term: The amount of term life insurance
for each active employee of any school district, community/junior
college, public library, 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,
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 5. Section 25-15-11, Mississippi Code of 1972, is amended as follows:

25-15-11. (1) The board is authorized to execute a contract or contracts to provide the benefits under the plan. 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 that 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 6. Section 25-15-14, Mississippi Code of 1972, is amended as follows:

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

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

25-15-15. (1) The board is authorized to determine the manner in which premiums and contributions by the state agencies, local school districts, colleges, universities, community/junior colleges and public libraries shall be collected to provide the self-insured health insurance program for employees as provided under this article. The state shall provide fifty percent (50%) of the cost of the above life insurance plan and one hundred percent (100%) of the cost of the above health insurance plan for all active full-time employees. 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 8. Section 25-15-103, Mississippi Code of 1972, is amended as follows:

25-15-103. The maximum amount of group insurance or other coverage used in determining 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 9. Section 25-11-141, Mississippi Code of 1972, is amended as follows:

25-11-141. The board of trustees may enter into an agreement with insurance companies or government agencies authorized to do business in the state for issuance of a policy or contract of life, dental, vision or other similar benefits, or any combination thereof, for those persons receiving a service, disability or survivor retirement allowance from any system administered by the board. Notwithstanding any other provision of this chapter, the policy or contract also may include coverage for the spouse and dependent children of 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 10. Sections 1 and 2 of this act shall take effect from and after July 1, 2002. The remainder of this act shall take effect from and after January 1, 2004.