To: Insurance; Appropriations

MISSISSIPPI LEGISLATURE  
REGULAR SESSION 2003

By: Representative Fleming

HOUSE BILL NO. 93

AN ACT TO AMEND SECTION 25-15-15, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT CERTAIN INCREASES IN PREMIUMS TO COVER THE COST OF THE STATE AND SCHOOL EMPLOYEES HEALTH INSURANCE PLAN SHALL BE DRAWN FROM FUNDS AVAILABLE AS A RESULT OF THE TOBACCO SETTLEMENT; TO AMEND SECTION 43-13-407, MISSISSIPPI CODE OF 1972, IN CONFORMITY THERETO; AND FOR RELATED PURPOSES.

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

SECTION 1. 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.
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.
(10) Based on the premiums paid in fiscal year 2002, any increases in premiums to cover the cost of the health insurance provided herein shall be drawn from the Health Care Expendable Fund established by Section 43-13-407.

SECTION 2. Section 43-13-407, Mississippi Code of 1972, is amended as follows:

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

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

   (b) In fiscal year 2001, Fifty-five Million Dollars ($55,000,000.00);

   (c) In fiscal year 2002, Sixty Million Five Hundred Thousand Dollars ($60,500,000.00);

   (d) In fiscal year 2003, Sixty-six Million Five Hundred Fifty Thousand Dollars ($66,550,000.00);

   (e) In fiscal year 2004 and each subsequent fiscal year, a sum equal to the average annual amount of the income from the investment of the funds in the Health Care Trust Fund since July 1, 1999.

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

(3) (a) On March 6, 2002, the State Treasurer shall transfer the sum of Eighty-seven Million Dollars ($87,000,000.00) from the Health Care Trust Fund into the Health Care Expendable Fund. In addition, at the time the State of Mississippi receives
the 2002 calendar year tobacco settlement installment payment, the State Treasurer shall deposit the full amount of that installment payment into the Health Care Expendable Fund.

(b) If during any fiscal year after March 6, 2002, the general fund revenues received by the state exceed the general fund revenues received during the previous fiscal year by more than five percent (5%), the Legislature shall repay to the Health Care Trust Fund one-third (1/3) of the amount of the general fund revenues that exceed the five percent (5%) growth in general fund revenues. The repayment required by this paragraph shall continue in each fiscal year in which there is more than five percent (5%) growth in general fund revenues, until the full amount of the funds that were transferred and deposited into the Health Care Expendable Fund under the provisions of paragraph (a) of this subsection have been repaid to the Health Care Trust Fund.

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

(5) The funds in the Health Care Expendable Fund shall be available for expenditure under specific appropriation by the Legislature beginning in fiscal year 2000, and shall be expended exclusively for health care purposes, including, but not limited to, any increases in premiums to cover the cost of the State and School Employees Health Insurance Plan as provided in Section 25-15-15(10).

(6) Subsections (1), (2), (4) and (5) of this section shall stand repealed on July 1, 2004.

SECTION 3. This act shall take effect and be in force from and after July 1, 2003.