

By: Representative Fleming

To: Insurance;
Appropriations

HOUSE BILL NO. 93

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

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

8 **SECTION 1.** Section 25-15-15, Mississippi Code of 1972, is
9 amended as follows:

10 **[Through June 30 of the year in which Section 25-11-143**
11 **becomes effective as provided in subsection (1) of Section**
12 **25-11-143, this section shall read as follows:]**

13 25-15-15. (1) The board is authorized to determine the
14 manner in which premiums and contributions by the state agencies,
15 local school districts, colleges, universities, community/junior
16 colleges and public libraries shall be collected to provide the
17 self-insured health insurance program for employees as provided
18 under this article. The state shall provide fifty percent (50%)
19 of the cost of the above life insurance plan and one hundred
20 percent (100%) of the cost of the above health insurance plan for
21 all active full-time employees, and the employees shall be given
22 the opportunity to purchase coverage for their eligible dependents
23 with the premiums for such dependent coverage as well as the
24 employee's fifty percent (50%) share for his life insurance
25 coverage to be deductible from the employee's salary by the
26 agency, department or institution head, which deductions, together
27 with the fifty percent (50%) share of such life insurance premiums
28 of such employing agency, department or institution head from
29 funds appropriated to or authorized to be expended by such



30 employing agency, department or institution head, shall be
31 deposited directly into a depository bank or special fund in the
32 State Treasury, as determined by the board. These funds and
33 interest earned on these funds may be used for the disbursement of
34 claims and shall be exempt from the appropriation process.

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

51 (3) The state shall annually provide one hundred percent
52 (100%) of the cost of the health insurance plan for all public
53 school district employees who work no less than twenty (20) hours
54 during each week and regular nonstudent school bus drivers. Where
55 federal funding is allowable to defray, in full or in part, the
56 cost of participation in the program by district employees who
57 work no less than twenty (20) hours during the week and regular
58 nonstudent bus drivers, whose salaries are paid, in full or in
59 part, by federal funds, the allowance under this section shall be
60 reduced to the extent of such federal funding. Where the use of
61 federal funds is allowable but not available, it is the intent of
62 the Legislature that school districts contribute the cost of



63 participation for such employees from local funds, except that
64 parent fees for child nutrition programs shall not be increased to
65 cover such cost.

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

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

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

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



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

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



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

140 **[From and after July 1 of the year in which Section 25-11-143**
141 **becomes effective as provided in subsection (1) of Section**
142 **25-11-143, this section shall read as follows:]**

143 25-15-15. (1) The board may determine the manner in which
144 premiums and contributions by the state agencies, local school
145 districts, colleges, universities, community/junior colleges and
146 public libraries will be collected to provide the self-insured
147 health insurance program for employees as provided under this
148 article. The state shall provide fifty percent (50%) of the cost
149 of the above life insurance plan and one hundred percent (100%) of
150 the cost of the above health insurance plan for all active
151 full-time employees. The employees shall be given the opportunity
152 to purchase coverage for their eligible dependents with the
153 premiums for the dependent coverage, as well as the employee's
154 fifty percent (50%) share for his life insurance coverage, to be
155 deductible from the employee's salary by the agency, department or
156 institution head. Those deductions, together with the fifty
157 percent (50%) share of the life insurance premiums of the
158 employing agency, department or institution head from funds
159 appropriated to or authorized to be expended by the employing
160 agency, department or institution head, shall be deposited
161 directly into a depository bank or special fund in the State



162 Treasury, as determined by the board. These funds and interest
163 earned on these funds may be used for the disbursement of claims
164 and shall be exempt from the appropriation process.

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

181 (3) The state shall annually provide one hundred percent
182 (100%) of the cost of the health insurance plan for all public
183 school district employees who work no less than twenty (20) hours
184 during each week and regular nonstudent school bus drivers. Where
185 federal funding is allowable to defray, in full or in part, the
186 cost of participation in the program by district employees who
187 work no less than twenty (20) hours during the week and regular
188 nonstudent bus drivers, whose salaries are paid, in full or in
189 part, by federal funds, the allowance under this section shall be
190 reduced to the extent of that federal funding. Where the use of
191 federal funds is allowable but not available, it is the intent of
192 the Legislature that school districts contribute the cost of
193 participation for the employees from local funds, except that



194 parent fees for child nutrition programs shall not be increased to
195 cover that cost.

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

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

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

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



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

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



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

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

264 43-13-407. (1) In accordance with the purposes of this
265 article, there is established in the State Treasury the Health
266 Care Expendable Fund, into which shall be transferred from the
267 Health Care Trust Fund the following sums:

268 (a) In fiscal year 2000, Fifty Million Dollars
269 (\$50,000,000.00);

270 (b) In fiscal year 2001, Fifty-five Million Dollars
271 (\$55,000,000.00);

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

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

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

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

287 (3) (a) On March 6, 2002, the State Treasurer shall
288 transfer the sum of Eighty-seven Million Dollars (\$87,000,000.00)
289 from the Health Care Trust Fund into the Health Care Expendable
290 Fund. In addition, at the time the State of Mississippi receives



291 the 2002 calendar year tobacco settlement installment payment, the
292 State Treasurer shall deposit the full amount of that installment
293 payment into the Health Care Expendable Fund.

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

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

311 (5) The funds in the Health Care Expendable Fund shall be
312 available for expenditure under specific appropriation by the
313 Legislature beginning in fiscal year 2000, and shall be expended
314 exclusively for health care purposes, including, but not limited
315 to, any increases in premiums to cover the cost of the State and
316 School Employees Health Insurance Plan as provided in Section
317 25-15-15(10).

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

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

