

By: Representative Fleming

To: Insurance;
Appropriations

HOUSE BILL NO. 62

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 TO EXTEND THE REPEALER ON CERTAIN
7 PROVISIONS CONCERNING THE HEALTH CARE EXPENDABLE FUND; AND FOR
8 RELATED PURPOSES.

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

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

12 **[Through June 30 of the year in which Section 25-11-143**
13 **becomes effective as provided in subsection (1) of Section**
14 **25-11-143, this section shall read as follows:]**

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

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

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

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

64 the Legislature that school districts contribute the cost of
65 participation for such employees from local funds, except that
66 parent fees for child nutrition programs shall not be increased to
67 cover such cost.

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

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

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

93 (7) Any funds appropriated for the cost of insurance by line
94 item in the community/junior colleges appropriation bill which are
95 not expended during the fiscal year for which such funds were

96 appropriated shall be carried forward for the same purposes during
97 the next succeeding fiscal year.

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

127 (9) The board shall also provide for the creation of an
128 Insurance Reserve Fund and funds therein shall be invested by the

129 State Treasurer with all interest earned credited to the State and
130 School Employees Insurance Fund.

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

142 (11) Based on the premiums paid in fiscal year 2003, any
143 increases in premiums to cover the cost of the health insurance
144 provided herein shall be drawn from the Health Care Expendable
145 Fund established by Section 43-13-407.

146 **[From and after July 1 of the year in which Section 25-11-143**
147 **becomes effective as provided in subsection (1) of Section**
148 **25-11-143, this section shall read as follows:]**

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

162 institution head. Those deductions, together with the fifty
163 percent (50%) share of the life insurance premiums of the
164 employing agency, department or institution head from funds
165 appropriated to or authorized to be expended by the employing
166 agency, department or institution head, shall be deposited
167 directly into a depository bank or special fund in the State
168 Treasury, as determined by the board. These funds and interest
169 earned on these funds may be used for the disbursement of claims
170 and shall be exempt from the appropriation process.

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

187 (3) The state shall annually provide one hundred percent
188 (100%) of the cost of the health insurance plan for all public
189 school district employees who work no less than twenty (20) hours
190 during each week and regular nonstudent school bus drivers. Where
191 federal funding is allowable to defray, in full or in part, the
192 cost of participation in the program by district employees who
193 work no less than twenty (20) hours during the week and regular
194 nonstudent bus drivers, whose salaries are paid, in full or in

195 part, by federal funds, the allowance under this section shall be
196 reduced to the extent of that federal funding. Where the use of
197 federal funds is allowable but not available, it is the intent of
198 the Legislature that school districts contribute the cost of
199 participation for the employees from local funds, except that
200 parent fees for child nutrition programs shall not be increased to
201 cover that cost.

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

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

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

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

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

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

264 (10) Based on the premiums paid in fiscal year 2003, any
265 increases in premiums to cover the cost of the health insurance
266 provided herein shall be drawn from the Health Care Expendable
267 Fund established by Section 43-13-407.

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

270 43-13-407. (1) In accordance with the purposes of this
271 article, there is established in the State Treasury the Health
272 Care Expendable Fund, into which shall be transferred from the
273 Health Care Trust Fund the following sums:

274 (a) In fiscal year 2000, Fifty Million Dollars
275 (\$50,000,000.00);

276 (b) In fiscal year 2001, Fifty-five Million Dollars
277 (\$55,000,000.00);

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

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

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

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

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

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

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

317 (5) The funds in the Health Care Expendable Fund shall be
318 available for expenditure under specific appropriation by the
319 Legislature beginning in fiscal year 2000, and shall be expended
320 exclusively for health care purposes, including, but not limited
321 to, any increases in premiums to cover the cost of the State and
322 School Employees Health Insurance Plan as provided in Section
323 25-15-15(10).

324 (6) Subsections (1), (2), (4) and (5) of this section shall
325 stand repealed on July 1, 2005.

326 **SECTION 3.** This act shall take effect and be in force from
327 and after July 1, 2004.