

By: Representative Smith (27th)

To: Insurance;
Appropriations

HOUSE BILL NO. 700

1 AN ACT TO AMEND SECTION 25-15-15, MISSISSIPPI CODE OF 1972,
2 TO PROVIDE THAT THE STATE SHALL PAY THE FULL COST OF HEALTH
3 INSURANCE FOR PUBLIC SCHOOL TEACHERS WHO HAVE RETIRED UNDER THE
4 PUBLIC EMPLOYEES' RETIREMENT SYSTEM; TO AMEND SECTION 25-11-143,
5 MISSISSIPPI CODE OF 1972, IN CONFORMITY THERETO; AND FOR RELATED
6 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 public school teachers who have
22 retired under the Public Employees' Retirement System. The active
23 full-time employees shall be given the opportunity to purchase
24 coverage for their eligible dependents with the premiums for such
25 dependent coverage as well as the employee's fifty percent (50%)
26 share for his life insurance coverage to be deductible from the
27 employee's salary by the agency, department or institution head,
28 which deductions, together with the fifty percent (50%) share of
29 such life insurance premiums of such employing agency, department

30 or institution head from funds appropriated to or authorized to be
31 expended by such employing agency, department or institution head,
32 shall be deposited directly into a depository bank or special fund
33 in the State Treasury, as determined by the board. These funds
34 and interest earned on these funds may be used for the
35 disbursement of claims and shall be exempt from the appropriation
36 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) Except as otherwise provided herein for public school
132 teachers who are retired under the Public Employees' Retirement
133 System, any retired employee electing to purchase retired life and
134 health insurance will have the full cost of such insurance
135 deducted monthly from his State of Mississippi retirement plan
136 check or direct billed for the cost of the premium if the
137 retirement check is insufficient to pay for the premium. If the
138 board determines actuarially that the premium paid by the
139 participating retirees adversely affects the overall cost of the
140 plan to the state, then the department may impose a premium
141 surcharge, not to exceed fifteen percent (15%), upon such
142 participating retired employees who are under the age for Medicare
143 eligibility.

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

147 25-15-15. (1) The board may determine the manner in which
148 premiums and contributions by the state agencies, local school
149 districts, colleges, universities, community/junior colleges and
150 public libraries will be collected to provide the self-insured
151 health insurance program for employees as provided under this
152 article. The state shall provide fifty percent (50%) of the cost
153 of the above life insurance plan and one hundred percent (100%) of
154 the cost of the above health insurance plan for all active
155 full-time employees and public school teachers who are retired
156 under the Public Employees' Retirement System. The employees
157 shall be given the opportunity to purchase coverage for their
158 eligible dependents with the premiums for the dependent coverage,
159 as well as the employee's fifty percent (50%) share for his life
160 insurance coverage, to be deductible from the employee's salary by
161 the agency, department or institution head. Those deductions,

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

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

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

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

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

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

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

226 (7) Any funds appropriated for the cost of insurance by line
227 item in the community/junior colleges appropriation bill that are

228 not expended during the fiscal year for which the funds were
229 appropriated shall be carried forward for the same purposes during
230 the next succeeding fiscal year.

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

259 (9) The board shall also provide for the creation of an
260 Insurance Reserve Fund, and funds in the reserve fund shall be

261 invested by the State Treasurer with all interest earned credited
262 to the State and School Employees Insurance Fund.

263 **SECTION 2.** Section 25-11-143, Mississippi Code of 1972, is
264 amended as follows:

265 25-11-143. (1) This provision of this section shall become
266 effective from and after July 1 of the year following the year in
267 which the board determines and the board's actuary certifies that
268 the employer's contribution rate to the Public Employees'
269 Retirement System can be reduced by one percent (1%) without
270 causing the unfunded accrued actuarial liability amortization
271 period for the retirement system to exceed twenty (20) years.

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

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

294 Medicare, and any additional cost of that plan shall be paid by
295 the retiree electing that optional coverage.

296 (4) (a) Retirees may decline coverage in the plan
297 established by this section, but they may be included in the plan
298 later if they apply for coverage during any open enrollment
299 periods that may be established by the board and can show, by
300 evidence considered sufficient to the board, that they were
301 covered by health insurance during the period of time that they
302 were not covered by the plan established by this section. The
303 board may adjust the amount of the subsidy for those persons and
304 may limit the number of times retirees who decline coverage who
305 may be later included in the plan.

306 (b) The board shall determine the manner in which
307 persons who elect continuation coverage under the federal
308 Consolidated Omnibus Budget Reconciliation Act of 1987 (COBRA)
309 will be treated regarding their eligibility for coverage under the
310 plan established under this section and the amount of the subsidy
311 for those persons.

312 (5) From and after January 1 following the year in which
313 this section becomes effective as provided in subsection (1) of
314 this section, the board shall subsidize a portion of the cost of
315 providing the plan of health insurance to retirees. The amount of
316 the subsidy provided for each retiree shall be equal to a
317 percentage of the annual cost of providing coverage under the plan
318 to the retiree as determined by the board. Except as otherwise
319 provided in this section, the percentage amount of the subsidy
320 shall be two percent (2%) for each year of creditable service,
321 less any fronted service for age-limited disability benefits of
322 the retiree up to a maximum of sixty percent (60%). Once the
323 percentage amount of the subsidy has been determined under this
324 subsection, it may not be changed unless the retiree returns to
325 membership service and earns additional years of creditable
326 service or elects not to be enrolled in the plan for a period of

327 time. However, the state shall provide one hundred percent (100%)
328 of the cost of the health insurance plan for public school
329 teachers who have retired under the Public Employees' Retirement
330 System.

331 (6) The amount of the subsidy for each disability retiree
332 shall be calculated in the same manner as other retirees. For
333 purposes of determining the amount that a disability retiree must
334 pay above the subsidy for coverage under the plan, the cost of
335 coverage for disability retirees shall be deemed to be the average
336 cost of providing coverage for other retirees as determined by the
337 board.

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

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

350 (9) The board may establish and enforce late charges and
351 interest penalties or other penalties for the purpose of requiring
352 the prompt payment of all contributions required under this
353 section. After appropriation for administration expenses of the
354 program, all funds received by the board under this section shall
355 be held in a fund in the custody of the board. All those funds
356 held by the board shall be utilized for the purpose of subsidizing
357 the health insurance plan required to be established by this
358 section, and shall be invested as provided in Section 25-11-145.

359 (10) The board:

360 (a) Shall administer the plan;

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

367 (c) May enter into contracts with accountants,
368 actuaries and other persons whose skills are necessary to carry
369 out the provisions of this section; and

370 (d) Is authorized to procure legal services if it deems
371 these services necessary to carry out its responsibilities under
372 this section.

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