

By: Representative Smith (27th)

To: Insurance;
Appropriations

HOUSE BILL NO. 701

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 RETIRED EMPLOYEES WHO HAVE QUALIFIED FOR A
4 DISABILITY RETIREMENT ALLOWANCE UNDER THE PUBLIC EMPLOYEES'
5 RETIREMENT SYSTEM; TO AMEND SECTION 25-11-143, MISSISSIPPI CODE OF
6 1972, TO REMOVE ANY COST OF HEALTH INSURANCE TO EMPLOYEES WHO ARE
7 DRAWING DISABILITY RETIREMENT UNDER THE PUBLIC EMPLOYEES'
8 RETIREMENT SYSTEM; AND FOR 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 retired employees who are on a
24 disability retirement allowance under Section 25-11-113. The
25 active full-time employees shall be given the opportunity to
26 purchase coverage for their eligible dependents with the premiums
27 for such dependent coverage as well as the employee's fifty
28 percent (50%) share for his life insurance coverage to be
29 deductible from the employee's salary by the agency, department or
30 institution head, which deductions, together with the fifty

31 percent (50%) share of such life insurance premiums of such
32 employing agency, department or institution head from funds
33 appropriated to or authorized to be expended by such employing
34 agency, department or institution head, shall be deposited
35 directly into a depository bank or special fund in the State
36 Treasury, as determined by the board. These funds and interest
37 earned on these funds may be used for the disbursement of claims
38 and shall be exempt from the appropriation process.

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

55 (3) The state shall annually provide one hundred percent
56 (100%) of the cost of the health insurance plan for all public
57 school district employees who work no less than twenty (20) hours
58 during each week and regular nonstudent school bus drivers. Where
59 federal funding is allowable to defray, in full or in part, the
60 cost of participation in the program by district employees who
61 work no less than twenty (20) hours during the week and regular
62 nonstudent bus drivers, whose salaries are paid, in full or in
63 part, by federal funds, the allowance under this section shall be

64 reduced to the extent of such federal funding. Where the use of
65 federal funds is allowable but not available, it is the intent of
66 the Legislature that school districts contribute the cost of
67 participation for such employees from local funds, except that
68 parent fees for child nutrition programs shall not be increased to
69 cover such cost.

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

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

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

95 (7) Any funds appropriated for the cost of insurance by line
96 item in the community/junior colleges appropriation bill which are

97 not expended during the fiscal year for which such funds were
98 appropriated shall be carried forward for the same purposes during
99 the next succeeding fiscal year.

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

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

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

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

148 25-15-15. (1) The board may determine the manner in which
149 premiums and contributions by the state agencies, local school
150 districts, colleges, universities, community/junior colleges and
151 public libraries will be collected to provide the self-insured
152 health insurance program for employees as provided under this
153 article. The state shall provide fifty percent (50%) of the cost
154 of the above life insurance plan and one hundred percent (100%) of
155 the cost of the above health insurance plan for all active
156 full-time employees and retired employees who are on a disability
157 retirement allowance under Section 25-11-113. The active
158 full-time employees shall be given the opportunity to purchase
159 coverage for their eligible dependents with the premiums for the
160 dependent coverage, as well as the employee's fifty percent (50%)
161 share for his life insurance coverage, to be deductible from the

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

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

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

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

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

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

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

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

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

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

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

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

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

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

294 of the plan and to maintain the fiscal soundness of the plan. The
295 board may offer an optional plan to retirees who are eligible for
296 Medicare, and any additional cost of that plan shall be paid by
297 the retiree electing that optional coverage.

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

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

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

327 membership service and earns additional years of creditable
328 service or elects not to be enrolled in the plan for a period of
329 time.

330 * * *

331 (6) Each retiree participating in the plan, by written
332 authorization, shall instruct the board to deduct from the
333 retirement allowance the portion of the premium that is not
334 subsidized. The amounts so deducted shall be handled by the board
335 in the manner provided for in subsection (9) of this section.

336 (7) From and after July 1 of the year in which this section
337 becomes effective as provided in subsection (1) of this section,
338 each employer shall pay monthly to the board an amount equal to
339 two and one-half percent (2.5%) of the total payroll of the
340 employer on which retirement contributions are made under
341 retirement plans administered by the Public Employees' Retirement
342 System.

343 (8) The board may establish and enforce late charges and
344 interest penalties or other penalties for the purpose of requiring
345 the prompt payment of all contributions required under this
346 section. After appropriation for administration expenses of the
347 program, all funds received by the board under this section shall
348 be held in a fund in the custody of the board. All those funds
349 held by the board shall be utilized for the purpose of subsidizing
350 the health insurance plan required to be established by this
351 section, and shall be invested as provided in Section 25-11-145.

352 (9) The board:

353 (a) Shall administer the plan;

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

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

363 (d) Is authorized to procure legal services if it deems
364 these services necessary to carry out its responsibilities under
365 this section.

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