

By: Representative Rogers (61st)

To: Appropriations

HOUSE BILL NO. 1104

1 AN ACT TO AMEND SECTION 25-11-143, MISSISSIPPI CODE OF 1972,
2 TO PROVIDE THAT THE RETIREE HEALTH INSURANCE PLAN DESIGNED AND
3 ADMINISTERED BY THE BOARD OF TRUSTEES OF THE PUBLIC EMPLOYEES'
4 RETIREMENT SYSTEM SHALL GO INTO EFFECT ON JANUARY 1, 2005; TO
5 AMEND SECTIONS 25-11-141, 25-11-145, 25-15-3, 25-15-9, 25-15-11,
6 25-15-14, 25-15-15 AND 25-15-103, MISSISSIPPI CODE OF 1972, IN
7 CONFORMITY THERETO; AND FOR RELATED PURPOSES.

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

9 **SECTION 1.** Section 25-11-143, Mississippi Code of 1972, is
10 amended as follows:

11 25-11-143.

12 * * *

13 (1) As used in this section, the term "retiree" means any
14 person receiving a service or disability retirement benefit from
15 any system administered by the board; however, in the case of
16 persons participating in the optional retirement plan established
17 in Section 25-11-401 et seq., the term "retiree" includes only
18 those persons who would be entitled to receive a retirement
19 allowance under the provisions of Section 25-11-111 if they were
20 not members of the optional retirement plan.

21 (2) The board shall design a plan of insurance for all
22 current and future retirees that will take effect from and after
23 January 1, 2005. The plan may include coverage for the spouse,
24 surviving beneficiary and dependent children of retirees and other
25 such sponsored dependents as the board considers appropriate;
26 however, the subsidy provided for in this section shall apply only
27 to the cost of providing coverage to retirees. Initially, the
28 plan shall have benefits equivalent to those in the State and
29 School Employees Health Insurance Plan established in Section

30 25-15-9; however, the board may modify the plan as necessary to
31 meet the needs of the members of the plan and to maintain the
32 fiscal soundness of the plan. The board may offer an optional
33 plan to retirees who are eligible for Medicare, and any additional
34 cost of that plan shall be paid by the retiree electing that
35 optional coverage.

36 (3) (a) Retirees may decline coverage in the plan
37 established by this section, but they may be included in the plan
38 later if they apply for coverage during any open enrollment
39 periods that may be established by the board and can show, by
40 evidence considered sufficient to the board, that they were
41 covered by health insurance during the period of time that they
42 were not covered by the plan established by this section. The
43 board may adjust the amount of the subsidy for those persons and
44 may limit the number of times retirees who decline coverage who
45 may be later included in the plan.

46 (b) The board shall determine the manner in which
47 persons who elect continuation coverage under the federal
48 Consolidated Omnibus Budget Reconciliation Act of 1987 (COBRA)
49 will be treated regarding their eligibility for coverage under the
50 plan established under this section and the amount of the subsidy
51 for those persons.

52 (4) From and after January 1, 2005, the board shall
53 subsidize a portion of the cost of providing the plan of health
54 insurance to retirees. The amount of the subsidy provided for
55 each retiree shall be equal to a percentage of the annual cost of
56 providing coverage under the plan to the retiree as determined by
57 the board. Except as otherwise provided in this section, the
58 percentage amount of the subsidy shall be two percent (2%) for
59 each year of creditable service, less any fronted service for
60 age-limited disability benefits of the retiree up to a maximum of
61 sixty percent (60%). Once the percentage amount of the subsidy
62 has been determined under this subsection, it may not be changed

63 unless the retiree returns to membership service and earns
64 additional years of creditable service or elects not to be
65 enrolled in the plan for a period of time.

66 (5) The amount of the subsidy for each disability retiree
67 shall be calculated in the same manner as other retirees. For
68 purposes of determining the amount that a disability retiree must
69 pay above the subsidy for coverage under the plan, the cost of
70 coverage for disability retirees shall be deemed to be the average
71 cost of providing coverage for other retirees as determined by the
72 board.

73 (6) Each retiree participating in the plan, by written
74 authorization, shall instruct the board to deduct from the
75 retirement allowance the portion of the premium that is not
76 subsidized. The amounts so deducted shall be handled by the board
77 in the manner provided for in subsection (8) of this section.

78 (7) From and after July 1, 2004, each employer shall pay
79 monthly to the board an amount equal to two and one-half percent
80 (2.5%) of the total payroll of the employer on which retirement
81 contributions are made under retirement plans administered by the
82 Public Employees' Retirement System.

83 (8) The board may establish and enforce late charges and
84 interest penalties or other penalties for the purpose of requiring
85 the prompt payment of all contributions required under this
86 section. After appropriation for administration expenses of the
87 program, all funds received by the board under this section shall
88 be held in a fund in the custody of the board. All those funds
89 held by the board shall be utilized for the purpose of subsidizing
90 the health insurance plan required to be established by this
91 section, and shall be invested as provided in Section 25-11-145.

92 (9) The board:

93 (a) Shall administer the plan;

94 (b) Shall have the sole authority to promulgate rules
95 and regulations governing the plan, and shall be vested with all

96 legal authority necessary and proper to perform this function
97 including, but not limited to, defining the benefits provided by
98 the plan, requesting and accepting bids for services, establishing
99 premium rates and receiving premium payments;

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

103 (d) Is authorized to procure legal services if it deems
104 these services necessary to carry out its responsibilities under
105 this section.

106 **SECTION 2.** Section 25-11-141, Mississippi Code of 1972, is
107 amended as follows:

108 * * *

109 25-11-141. The board of trustees may enter into an agreement
110 with insurance companies or government agencies authorized to do
111 business in the state for issuance of a policy or contract of
112 life, dental, vision or other similar benefits, or any combination
113 thereof, for those persons receiving a service, disability or
114 survivor retirement allowance from any system administered by the
115 board. Notwithstanding any other provision of this chapter, the
116 policy or contract also may include coverage for the spouse and
117 dependent children of the eligible person and for such sponsored
118 dependents as the board considers appropriate. If all or any
119 portion of the policy or contract premium is to be paid by any
120 person receiving a service, disability or survivor retirement
121 allowance, the person shall, by written authorization, instruct
122 the board to deduct from the retirement allowance the premium cost
123 and to make payments to those companies, associations,
124 corporations or agencies.

125 The board may contract for this coverage on the basis that
126 the cost of the premium for the coverage will be paid by the
127 person receiving a retirement allowance.

128 The board is authorized to accept bids for the optional
129 coverage and benefits and to make all necessary rules to carry out
130 the purpose and intent of this section.

131 **SECTION 3.** Section 25-11-145, Mississippi Code of 1972, is
132 amended as follows:

133 25-11-145.

134 * * *

135 (1) In managing the funds received for the insurance program
136 established in Section 25-11-143, the board from time to time
137 shall determine the current requirements for payments and
138 administrative expense that will be maintained as a cash working
139 balance, except that the cash working balance shall not exceed at
140 any time an amount necessary to meet the current obligations of
141 the fund for a period of ninety (90) days. Any amounts in excess
142 of the cash working balance shall be invested, as follows, at such
143 periodic intervals as the board may determine:

144 (a) Funds may be deposited in federally insured
145 institutions;

146 (b) Corporate and taxable municipal bonds of investment
147 grade as rated by Standard and Poor's or by Moody's Investment
148 Service, with bonds rated BAA/BBB not to exceed five percent (5%)
149 of the book value of the total fixed income investments, or
150 corporate short-term obligations of corporations or of wholly
151 owned subsidiaries of corporations, whose short-term obligations
152 are rated A-3 or better by Standard and Poor's or rated P-3 or
153 better by Moody's Investment Service;

154 (c) Bonds of the Tennessee Valley Authority; bonds,
155 notes, certificates and other valid obligations of the United
156 States, and other valid obligations of any federal instrumentality
157 that issues securities under authority of an act of Congress and
158 are exempt from registration with the Securities and Exchange
159 Commission; bonds, notes, debentures and other securities issued

160 by any federal instrumentality and fully guaranteed by the United
161 States;

162 (d) Interest-bearing bonds or notes that are general
163 obligations of any other state in the United States or of any city
164 or county in that state, provided that the state, city or county
165 has not defaulted for a period longer than thirty (30) days in the
166 payment of principal or interest on any of its general obligation
167 indebtedness during a period of ten (10) calendar years
168 immediately preceding the investment;

169 (e) Shares of stocks, common and/or preferred, of
170 corporations created by, or existing under, the laws of the United
171 States or any state, district or territory thereof, provided that:

172 (i) The maximum investments in stocks shall not
173 exceed fifty percent (50%) of the book value of the total
174 investment fund;

175 (ii) The stock of such corporation shall be listed
176 on a national stock exchange, or be traded in the over-the-counter
177 market;

178 (iii) The outstanding shares of the corporation
179 shall have a total market value of not less than Fifty Million
180 Dollars (\$50,000,000.00);

181 (iv) The amount of investment in any one (1)
182 corporation shall not exceed three percent (3%) of the book value
183 of the total investment fund; and

184 (v) The shares of any one (1) corporation owned by
185 the fund shall not exceed five percent (5%) of that corporation's
186 outstanding stock;

187 (f) Bonds rated Single A or better, stocks and
188 convertible securities of established non-United States companies,
189 and in foreign government securities rated Single A or better by a
190 recognized rating agency, provided that the total book value of
191 investments under this paragraph at no time shall exceed thirty
192 percent (30%) of the total book value of the total investment

193 fund. The board may take requisite action to effectuate or hedge
194 those transactions through foreign or domestic banks, including
195 the purchase and sale, transfer, exchange, or otherwise disposal
196 of, and generally deal in foreign exchange through the use of
197 foreign currency, interbank forward contracts, futures contracts,
198 options contracts, swaps and other related derivative instruments;

199 (g) Covered call and put options on securities traded
200 on one or more of the regulated exchanges;

201 (h) Pooled or commingled funds managed by a corporate
202 trustee or by a Securities and Exchange Commission registered
203 investment advisory firm retained as an investment manager by the
204 board of trustees, and shares of investment companies and unit
205 investment trusts registered under the Investment Company Act of
206 1940, where the pooled or commingled funds or shares are comprised
207 of common or preferred stocks, bonds, money market instruments or
208 other investments authorized under this section. The investment
209 in commingled funds or shares shall be held in trust. Any
210 investment manager approved by the board of trustees shall invest
211 the commingled funds or shares as a fiduciary;

212 (i) Pooled or commingled real estate funds or real
213 estate securities managed by a corporate trustee or by a
214 Securities and Exchange Commission registered investment advisory
215 firm retained as an investment manager by the board of trustees,
216 provided that the total book value of investments under this
217 paragraph at no time shall exceed five percent (5%) of the total
218 book value of all investments of the total investment fund. The
219 investment in commingled funds or shares shall be held in trust.
220 Any investment manager approved by the board of trustees shall
221 invest the commingled funds or shares as a fiduciary.

222 (2) All investments shall be acquired at prices not
223 exceeding the prevailing market values for the securities.

224 (3) Any limitations set forth in this section shall be
225 applicable only at the time of purchase and shall not require the

226 liquidation of any investment at any time. All investments shall
227 be clearly marked to indicate ownership by the fund and to the
228 extent possible shall be registered in the name of the fund.

229 (4) Subject to the preceding terms, conditions, limitations
230 and restrictions, the board shall have power to sell, assign,
231 transfer and dispose of any of the securities and investments of
232 the fund, provided that the sale, assignment or transfer has the
233 majority approval of the entire board. The board may employ or
234 contract with investment managers, evaluation services or other
235 such services as determined by the board to be necessary for the
236 effective and efficient operation of the fund.

237 (5) Except as otherwise provided in this section, no trustee
238 and no employee of the board shall have any direct or indirect
239 interest in the income, gains or profits of any investment made by
240 the board, nor shall any such person receive any pay or emolument
241 for his services in connection with any investment made by the
242 board. No trustee or employee of the board shall become an
243 endorser or surety, or in any manner an obligor for money loaned
244 by or borrowed from the fund.

245 (6) All interest derived from investments and any gains from
246 the sale or exchange of investments shall be credited by the board
247 to the account of the fund.

248 (7) The board of trustees shall be the custodian and
249 fiduciary of the fund.

250 (8) For the purpose of meeting disbursements, cash may be
251 kept available, not exceeding the requirements of the fund for a
252 period of ninety (90) days, on deposit in one or more banks or
253 trust companies organized under the laws of the State of
254 Mississippi or the laws of the United States, provided that the
255 sum on deposit in any one (1) bank or trust company shall not
256 exceed thirty-five percent (35%) of the paid-up capital and
257 regular surplus of the bank or trust company.

258 (9) The board of trustees shall determine the degree of
259 collateralization necessary for both foreign and domestic demand
260 deposit accounts in addition to that which is guaranteed by the
261 Federal Deposit Insurance Corporation or such other federal
262 insurance program as may be in effect.

263 (10) The board, the executive director and employees shall
264 discharge their duties with respect to the investments of the
265 system solely for the interest of the fund with the care, skill,
266 prudence and diligence under the circumstances then prevailing
267 that a prudent person acting in a like capacity and familiar with
268 those matters would use in the conduct of an enterprise of a like
269 character and with like aims, including diversifying the
270 investments of the system so as to minimize the risk of large
271 losses, unless under the circumstances it is clearly prudent not
272 to do so.

273 (11) Investment management fees and costs shall be paid from
274 the fund.

275 **SECTION 4.** Section 25-15-3, Mississippi Code of 1972, is
276 amended as follows:

277 * * *

278 25-15-3. For the purposes of this article, the words and
279 phrases used in this section shall have the following meanings:

280 (a) "Employee" means a person who works full time for
281 the State of Mississippi and receives his compensation in a direct
282 payment from a department, agency or institution of the state
283 government, and any person who works full time for any school
284 district, community/junior college, public library,
285 university-based program authorized under Section 37-23-31 for
286 deaf, aphasic and emotionally disturbed children, or any regular
287 nonstudent bus driver. This term includes legislators, employees
288 of the legislative branch and the judicial branch of the state,
289 full-time salaried judges and full-time district attorneys and
290 their staff, and full-time compulsory school attendance officers.

291 For the purposes of this article, any "employee" making
292 contributions to the Public Employees' Retirement System or the
293 Highway Safety Patrol Retirement System shall be considered a
294 full-time employee.

295 (b) "Department" means the Department of Finance and
296 Administration.

297 (c) "Plan" means the State and School Employees Life
298 and Health Insurance Plan created under this article.

299 (d) "Fund" means the State and School Employees
300 Insurance Fund set up under this article.

301 (e) "Board" means the State and School Employees Health
302 Insurance Management Board created under Section 25-15-303.

303 **SECTION 5.** Section 25-15-9, Mississippi Code of 1972, is
304 amended as follows:

305 * * *

306 25-15-9. (1) (a) The board shall design a plan of health
307 insurance for state employees that provides benefits for
308 semiprivate rooms in addition to other incidental coverages that
309 the board deems necessary. The amount of the coverages shall be
310 in such reasonable amount as may be determined by the board to be
311 adequate, after due consideration of current health costs in
312 Mississippi. The plan shall also include major medical benefits
313 in such amounts as the board shall determine. The board is also
314 authorized to accept bids for such alternate coverage and optional
315 benefits as the board deems proper. Any contract for alternative
316 coverage and optional benefits shall be awarded by the board after
317 it has carefully studied and evaluated the bids and selected the
318 best and most cost-effective bid. The board may reject all such
319 bids; however, the board shall notify all bidders of the rejection
320 and shall actively solicit new bids if all bids are rejected. The
321 board may employ or contract for such consulting or actuarial
322 services as may be necessary to formulate the plan, and to assist
323 the board in the preparation of specifications and in the process

324 of advertising for the bids for the plan. Those contracts shall
325 be solicited and entered into in accordance with Section 25-15-5.
326 The board shall keep a record of all persons, agents and
327 corporations who contract with or assist the board in preparing
328 and developing the plan. The board in a timely manner shall
329 provide copies of this record to the members of the advisory
330 council created in this section and those legislators, or their
331 designees, who may attend meetings of the advisory council. The
332 board shall provide copies of this record in the solicitation of
333 bids for the administration or servicing of the self-insured
334 program. Each person, agent or corporation that, during the
335 previous fiscal year, has assisted in the development of the plan
336 or employed or compensated any person who assisted in the
337 development of the plan, and that bids on the administration or
338 servicing of the plan, shall submit to the board a statement
339 accompanying the bid explaining in detail its participation with
340 the development of the plan. This statement shall include the
341 amount of compensation paid by the bidder to any such employee
342 during the previous fiscal year. The board shall make all such
343 information available to the members of the advisory council and
344 those legislators, or their designees, who may attend meetings of
345 the advisory council before any action is taken by the board on
346 the bids submitted. The failure of any bidder to fully and
347 accurately comply with this paragraph shall result in the
348 rejection of any bid submitted by that bidder or the cancellation
349 of any contract executed when the failure is discovered after the
350 acceptance of that bid. The board is authorized to promulgate
351 rules and regulations to implement the provisions of this
352 subsection.

353 The board shall develop plans for the insurance plan
354 authorized by this section in accordance with the provisions of
355 Section 25-15-5.

356 Any corporation, association, company or individual that
357 contracts with the board for the third-party claims administration
358 of the self-insured plan shall prepare and keep on file an
359 explanation of benefits for each claim processed. The explanation
360 of benefits shall contain such information relative to each
361 processed claim which the board deems necessary, and, at a
362 minimum, each explanation shall provide the claimant's name, claim
363 number, provider number, provider name, service dates, type of
364 services, amount of charges, amount allowed to the claimant and
365 reason codes. The information contained in the explanation of
366 benefits shall be available for inspection upon request by the
367 board. The board shall have access to all claims information
368 utilized in the issuance of payments to employees and providers.

369 (b) There is created an advisory council to advise the
370 board in the formulation of the State and School Employees Health
371 Insurance Plan. The council shall be composed of the State
372 Insurance Commissioner or his designee, an employee-representative
373 of the state institutions of higher learning appointed by the
374 board of trustees thereof, an employee-representative of the
375 Mississippi Department of Transportation appointed by the director
376 thereof, an employee-representative of the State Tax Commission
377 appointed by the Commissioner of Revenue, an
378 employee-representative of the State Department of Health
379 appointed by the State Health Officer, an employee-representative
380 of the Mississippi Department of Corrections appointed by the
381 Commissioner of Corrections, and an employee-representative of the
382 Mississippi Department of Human Services appointed by the
383 Executive Director of Human Services, two (2) certificated public
384 school administrators appointed by the State Board of Education,
385 two (2) certificated classroom teachers appointed by the State
386 Board of Education, a noncertificated school employee appointed by
387 the State Board of Education and a community/junior college

388 employee appointed by the State Board for Community and Junior
389 Colleges.

390 The Lieutenant Governor may designate the Secretary of the
391 Senate, the Chairman of the Senate Appropriations Committee, the
392 Chairman of the Senate Education Committee and the Chairman of the
393 Senate Insurance Committee, and the Speaker of the House of
394 Representatives may designate the Clerk of the House, the Chairman
395 of the House Appropriations Committee, the Chairman of the House
396 Education Committee and the Chairman of the House Insurance
397 Committee, to attend any meeting of the State and School Employees
398 Insurance Advisory Council. The appointing authorities may
399 designate an alternate member from their respective houses to
400 serve when the regular designee is unable to attend such meetings
401 of the council. Those designees shall have no jurisdiction or
402 vote on any matter within the jurisdiction of the council. For
403 attending meetings of the council, those legislators shall receive
404 per diem and expenses, which shall be paid from the contingent
405 expense funds of their respective houses in the same amounts as
406 provided for committee meetings when the Legislature is not in
407 session; however, no per diem and expenses for attending meetings
408 of the council will be paid while the Legislature is in session.
409 No per diem and expenses will be paid except for attending
410 meetings of the council without prior approval of the proper
411 committee in their respective houses.

412 (c) No change in the terms of the State and School
413 Employees Health Insurance Plan may be made effective unless the
414 board, or its designee, has provided notice to the State and
415 School Employees Health Insurance Advisory Council and has called
416 a meeting of the council at least fifteen (15) days before the
417 effective date of the change. If the State and School Employees
418 Health Insurance Advisory Council does not meet to advise the
419 board on the proposed changes, the changes to the plan will become

420 effective at such time as the board has informed the council that
421 the changes will become effective.

422 (2) Nonduplication of benefits--reduction of benefits by
423 Title XIX benefits: When benefits would be payable under more
424 than one (1) group plan, benefits under those plans will be
425 coordinated to the extent that the total benefits under all plans
426 will not exceed the total expenses incurred.

427 Benefits for hospital or surgical or medical benefits shall
428 be reduced by any similar benefits payable in accordance with
429 Title XIX of the Social Security Act or under any amendments
430 thereto, or any implementing legislation.

431 Benefits for hospital or surgical or medical benefits shall
432 be reduced by any similar benefits payable by workers'
433 compensation.

434 (3) (a) Schedule of life insurance benefits--group term:
435 The amount of term life insurance for each active employee of a
436 department, agency or institution of the state government shall
437 not be in excess of One Hundred Thousand Dollars (\$100,000.00), or
438 twice the amount of the employee's annual wage to the next highest
439 One Thousand Dollars (\$1,000.00), whichever may be less, but in no
440 case less than Thirty Thousand Dollars (\$30,000.00), with a like
441 amount for accidental death and dismemberment on a
442 twenty-four-hour basis.

443 (b) Effective October 1, 1999, schedule of life
444 insurance benefits--group term: The amount of term life insurance
445 for each active employee of any school district, community/junior
446 college, public library, university-based program authorized under
447 Section 37-23-31 for deaf, aphasic and emotionally disturbed
448 children, or any regular nonstudent bus driver shall not be in
449 excess of One Hundred Thousand Dollars (\$100,000.00), or twice the
450 amount of the employee's annual wage to the next highest One
451 Thousand Dollars (\$1,000.00), whichever may be less, but in no
452 case less than Thirty Thousand Dollars (\$30,000.00), with a like

453 amount for accidental death and dismemberment on a
454 twenty-four-hour basis. The plan will further contain a premium
455 waiver provision if a covered employee of any school district,
456 community/junior college, public library, university-based program
457 authorized under Section 37-23-31 for deaf, aphasic and
458 emotionally disturbed children, or any regular nonstudent bus
459 driver becomes totally and permanently disabled before age
460 sixty-five (65) years.

461 (4) Any eligible employee who on March 1, 1971, was
462 participating in a group life insurance program that has
463 provisions different from those included in this section and for
464 which the State of Mississippi was paying a part of the premium
465 may, at his discretion, continue to participate in that plan. The
466 employee shall pay in full all additional costs, if any, above the
467 minimum program established by this article. Under no
468 circumstances shall any individual who begins employment with the
469 state after March 1, 1971, be eligible for the provisions of this
470 subsection.

471 (5) The board may offer medical savings accounts as defined
472 in Section 71-9-3 as a plan option.

473 (6) Any premium differentials, differences in coverages,
474 discounts determined by risk or by any other factors shall be
475 uniformly applied to all active employees participating in the
476 insurance plan. It is the intent of the Legislature that the
477 state contribution to the plan be the same for each employee
478 throughout the state.

479 (7) On October 1, 1999, any school district,
480 community/junior college district or public library may elect to
481 remain with an existing policy or policies of group life insurance
482 with an insurance company approved by the State and School
483 Employees Health Insurance Management Board, in lieu of
484 participation in the State and School Life Insurance Plan. The
485 state's contribution of up to fifty percent (50%) of the active

486 employee's premium under the State and School Life Insurance Plan
487 may be applied toward the cost of coverage for full-time employees
488 participating in the approved life insurance company group plan.
489 For purposes of this subsection (7), "life insurance company group
490 plan" means a plan administered or sold by a private insurance
491 company. After October 1, 1999, the board may assess charges in
492 addition to the existing State and School Life Insurance Plan
493 rates to those employees as a condition of enrollment in the State
494 and School Life Insurance Plan. In order for any life insurance
495 company group plan existing as of October 1, 1999, to be approved
496 by the State and School Employees Health Insurance Management
497 Board under this subsection (7), it shall meet the following
498 criteria:

499 (a) The insurance company offering the group life
500 insurance plan shall be rated "A-" or better by A.M. Best state
501 insurance rating service and be licensed as an admitted carrier in
502 the State of Mississippi by the Mississippi Department of
503 Insurance.

504 (b) The insurance company group life insurance plan
505 shall provide the same life insurance, accidental death and
506 dismemberment insurance and waiver of premium benefits as provided
507 in the State and School Life Insurance Plan.

508 (c) The insurance company group life insurance plan
509 shall be fully insured, and no form of self-funding life insurance
510 by such company shall be approved.

511 (d) The insurance company group life insurance plan
512 shall have one (1) composite rate per One Thousand Dollars
513 (\$1,000.00) of coverage for active employees regardless of age.

514 (e) The insurance company and its group life insurance
515 plan shall comply with any administrative requirements of the
516 State and School Employees Health Insurance Management Board. If
517 any insurance company providing group life insurance benefits to
518 employees under this subsection (7) fails to comply with any

519 requirements specified in this subsection or any administrative
520 requirements of the board, the state shall discontinue providing
521 funding for the cost of that insurance.

522 **SECTION 6.** Section 25-15-11, Mississippi Code of 1972, is
523 amended as follows:

524 * * *

525 25-15-11. (1) The board is authorized to execute a contract
526 or contracts to provide the benefits under the plan. That
527 contract or contracts may be executed with one or more
528 corporations or associations licensed to transact life and
529 accident and health insurance business in this state; however, no
530 such contract shall be executed with any corporation, association
531 or company domiciled in any other state unless the corporation,
532 association or company meets the conditions and terms for a like
533 contract established by the state of the domicile of the
534 corporation, association or company for a Mississippi corporation,
535 association or company. No corporation, association or company
536 with less than five (5) years' experience in the life and health
537 field may bid. All of the benefits to be provided under the plan
538 may be included in one or more similar contracts, or the benefits
539 may be classified into different types with each type included
540 under one or more similar contracts issued by the same or
541 different companies.

542 The board shall supply the statistical information upon which
543 a quotation is to be calculated, upon request, to all carriers
544 licensed in the state. Bids may be accepted at the discretion of
545 the board, and the board shall have the right to adjust rates on
546 an annual basis if the board deems the adjustment necessary. The
547 plan for active employees shall be on retention accounting basis.
548 Any additional written information the carrier wishes to submit,
549 supporting the proposed benefits and premium rate, may accompany
550 the proposal. After receiving the proposals, the board shall
551 determine whether to contract with the carrier that has been

552 determined to have submitted the lowest and best bid, or to reject
553 all the bids and receive new proposals.

554 The board shall authorize any corporation licensed to
555 transact accident and health insurance business in this state
556 issuing any such contract to reinsure portions of the contract
557 with any other such corporation that elected to be a reinsurer and
558 is legally competent to enter into a reinsurance agreement. The
559 board may designate one or more of those corporations as the
560 administering corporation or corporations. Each employee who is
561 covered under any such contract or contracts shall receive a
562 certificate setting forth the benefits to which the employee is
563 entitled under the contracts, to whom the benefits will be
564 payable, to whom claims should be submitted, and summarizing the
565 provisions of the contract principally affecting the employee.
566 The certificate shall be in lieu of the certificate that the
567 corporation or corporations issuing the contract or contracts
568 would otherwise issue.

569 The board may, as of the end of any contract year,
570 discontinue any contract or contracts it has executed with any
571 corporation or corporations and replace it or them with a contract
572 or contracts in any other corporation or corporations meeting the
573 requirements of this section.

574 The board may reject any and all bids and contracts under
575 this section and may elect for the state to become a self-insurer;
576 however, administration and service of any such self-insured
577 program may be contracted to a third party by the board.

578 Any contract with a third party to administer the plan shall
579 be bid and entered into in accordance with the procedures provided
580 in Section 25-15-301.

581 (2) By September 30 of each year, the board shall report to
582 the Joint Legislative Budget Committee, Senate Insurance
583 Committee, House Insurance Committee, Senate Education Committee,
584 House Education Committee and Joint Legislative Committee on

585 Performance Evaluation and Expenditure Review the condition of the
586 State and School Employees Life and Health Insurance Plan. The
587 report shall contain for the most recently completed fiscal year,
588 but not be limited to, the following:

589 (a) The plan's financial condition at the close of the
590 fiscal year.

591 (b) The history of yearly claims paid and premiums
592 received for each premium class, including, but not limited to,
593 active employees and dependents.

594 (c) The history of loss ratios for the active employees
595 and dependents premium classes as well as historical trend of the
596 ratios. For the purposes of this section, the term "loss ratios"
597 means claims paid by the plan for each premium class divided by
598 premiums received by the plan for insurance coverage of the
599 members in that premium class.

600 (d) Budgetary information, including:

601 (i) A detailed breakdown of all expenditures of
602 the plan, administrative and otherwise, for the most recently
603 completed fiscal year and projected expenditures, administrative
604 and otherwise, for the current and next fiscal year;

605 (ii) A schedule of all contracts, administrative
606 and otherwise, executed for the benefit of the plan during the
607 most recent completed fiscal year and those executed and
608 anticipated for the current fiscal year; and

609 (iii) A description of the processes used by the
610 board to procure all contracts, administrative and otherwise, as
611 well as a description of the scope of services to be provided by
612 each contractor.

613 Budgetary information shall be provided in a format
614 designated by the Joint Legislative Budget Committee.

615 The Joint Legislative Budget Committee, Senate Insurance
616 Committee, House Insurance Committee, Senate Education Committee,
617 House Education Committee and Joint Legislative Committee on

618 Performance Evaluation and Expenditure Review may request
619 additional information or reports from the board on an as-needed
620 basis.

621 (3) Annually, the board shall request, and the Department of
622 Audit shall conduct, a comprehensive audit of the State and School
623 Employees Life and Health Insurance Plan. For purposes of this
624 section, the audit required herein shall be separate and distinct
625 from any audit prepared in conjunction with the development of the
626 Comprehensive Annual Financial Report (CAFR).

627 **SECTION 7.** Section 25-15-14, Mississippi Code of 1972, is
628 amended as follows:

629 * * *

630 25-15-14. Any elected state or district official who does
631 not run for reelection or who is defeated before being entitled to
632 receive a retirement allowance shall be eligible to continue to
633 participate in the State and School Employees Health Insurance
634 Plan and shall be required to pay the cost of the coverage.

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

637 * * *

638 25-15-15. (1) The board may determine the manner in which
639 premiums and contributions by the state agencies, local school
640 districts, colleges, universities, community/junior colleges and
641 public libraries will be collected to provide the self-insured
642 health insurance program for employees as provided under this
643 article. The state shall provide fifty percent (50%) of the cost
644 of the above life insurance plan and one hundred percent (100%) of
645 the cost of the above health insurance plan for all active
646 full-time employees. The employees shall be given the opportunity
647 to purchase coverage for their eligible dependents with the
648 premiums for the dependent coverage, as well as the employee's
649 fifty percent (50%) share for his life insurance coverage, to be
650 deductible from the employee's salary by the agency, department or

651 institution head. Those deductions, together with the fifty
652 percent (50%) share of the life insurance premiums of the
653 employing agency, department or institution head from funds
654 appropriated to or authorized to be expended by the employing
655 agency, department or institution head, shall be deposited
656 directly into a depository bank or special fund in the State
657 Treasury, as determined by the board. These funds and interest
658 earned on these funds may be used for the disbursement of claims
659 and shall be exempt from the appropriation process.

660 (2) The state shall provide annually, by line item in the
661 Mississippi Library Commission appropriation bill, the funds to
662 pay one hundred percent (100%) of the cost of health insurance
663 under the State and School Employees Health Insurance Plan for all
664 full-time library staff members in each public library in
665 Mississippi. The commission shall allot to each public library a
666 sufficient amount of those funds appropriated to pay the costs of
667 insurance for eligible employees. Any funds so appropriated by
668 line item that are not expended during the fiscal year for which
669 the funds were appropriated shall be carried forward for the same
670 purposes during the next succeeding fiscal year. If any premiums
671 for the health insurance and/or late charges and interest
672 penalties are not paid by a public library in a timely manner, as
673 defined by the board, the Mississippi Library Commission, upon
674 notice by the board, shall immediately withhold all subsequent
675 disbursements of funds to that public library.

676 (3) The state shall annually provide one hundred percent
677 (100%) of the cost of the health insurance plan for all public
678 school district employees who work no less than twenty (20) hours
679 during each week and regular nonstudent school bus drivers. Where
680 federal funding is allowable to defray, in full or in part, the
681 cost of participation in the program by district employees who
682 work no less than twenty (20) hours during the week and regular
683 nonstudent bus drivers, whose salaries are paid, in full or in

684 part, by federal funds, the allowance under this section shall be
685 reduced to the extent of that federal funding. Where the use of
686 federal funds is allowable but not available, it is the intent of
687 the Legislature that school districts contribute the cost of
688 participation for the employees from local funds, except that
689 parent fees for child nutrition programs shall not be increased to
690 cover that cost.

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

696 (5) When the use of federal funding is allowable to defray,
697 in full or in part, the cost of participation in the insurance
698 plan by community/junior college district employees who work no
699 less than twenty (20) hours during each week, whose salaries are
700 paid, in full or in part, by federal funds, the allowance under
701 this section shall be reduced to the extent of the federal
702 funding. Where the use of federal funds is allowable but not
703 available, it is the intent of the Legislature that
704 community/junior college districts contribute the cost of
705 participation for the employees from local funds.

706 (6) Any community/junior college district may contribute to
707 the cost of coverage for any district employee from local
708 community/junior college district funds, and any public school
709 district may contribute to the cost of coverage for any district
710 employee from nonminimum program funds. Any part of the cost of
711 the coverage for participating employees of public school
712 districts and public community/junior college districts that is
713 not paid by the state shall be paid by the participating
714 employees, which shall be deducted from the salaries of the
715 employees in a manner determined by the board.

716 (7) Any funds appropriated for the cost of insurance by line
717 item in the community/junior colleges appropriation bill that are
718 not expended during the fiscal year for which the funds were
719 appropriated shall be carried forward for the same purposes during
720 the next succeeding fiscal year.

721 (8) The board may establish and enforce late charges and
722 interest penalties or other penalties for the purpose of requiring
723 the prompt payment of all premiums for life and health insurance
724 permitted under Chapter 15 of Title 25. All funds in excess of
725 the amount needed for disbursement of claims shall be deposited in
726 a special fund in the State Treasury to be known as the State and
727 School Employees Insurance Fund. The State Treasurer shall invest
728 all funds in the State and School Employees Insurance Fund and all
729 interest earned shall be credited to the State and School
730 Employees Insurance Fund. Those funds shall be placed with one or
731 more depositories of the state and invested on the first day that
732 the funds are available for investment in certificates of deposit,
733 repurchase agreements or in United States Treasury bills or as
734 otherwise authorized by law for the investment of Public
735 Employees' Retirement System funds, as long as the investment is
736 made from competitive offering and at the highest and best market
737 rate obtainable consistent with any available investment
738 alternatives. However, those investments shall not be made in
739 shares of stock, common or preferred, or in any other investments
740 that would mature more than one (1) year from the date of
741 investment. The board shall have the authority to draw from this
742 fund periodically such funds as are necessary to operate the
743 self-insurance plan or to pay to the insurance carrier the cost of
744 operation of this plan, it being the purpose to limit the amount
745 of participation by the state to fifty percent (50%) of the cost
746 of the life insurance program and not to limit the contracting for
747 additional benefits where the cost will be paid in full by the
748 employee.

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

753 **SECTION 9.** Section 25-15-103, Mississippi Code of 1972, is
754 amended as follows:

755 * * *

756 25-15-103. The maximum amount of group insurance or other
757 coverage used in determining the employer's limitation of one
758 hundred percent (100%) of the costs shall be determined by
759 regulations promulgated by the governing board or head of any
760 political subdivision, school district, junior college district,
761 institution, department or agency named in Sections 25-15-101 and
762 25-15-103, but the life insurance for each employee shall not
763 exceed Fifty Thousand Dollars (\$50,000.00), or the amount of
764 deduction allowed by the United States Internal Revenue Service in
765 filing a federal tax return, whichever is greater. A like amount
766 may be for accidental death, accident, health and salary
767 protection insurance, providing benefits not exceeding sixty
768 percent (60%) of the employee's income, or the amount allowed by
769 the United States Internal Revenue Service in filing a federal tax
770 return, whichever is greater. Hospitalization benefits for room
771 and board may not exceed the average semiprivate cost per day; and
772 the other coverages authorized hereinabove. The limitations in
773 this paragraph on the amount of group insurance and other coverage
774 that employers may obtain for their employees shall not be
775 applicable to municipalities.

776 When any of the political subdivisions, school districts,
777 junior college districts, institutions, departments or agencies
778 named in Sections 25-15-101 and 25-15-103 have adopted the group
779 coverage plan authorized by those sections, any of the employees
780 thereof participating in the plan who desire to secure additional
781 benefits for their dependents with the company or companies

782 providing the group coverage may do so by authorizing in writing
783 the deduction from his or her salary or wages of the necessary
784 amounts for the full payment of the additional coverage, and the
785 same may be deducted and paid for those purposes, but the entire
786 cost of the additional coverage for dependents shall be paid by
787 the employee.

788 A municipality may provide group life insurance coverage for
789 all or specified groups of its public employees and group
790 hospitalization benefits for the public employees and their
791 dependents, and the municipality may pay the total of the cost of
792 all benefits under this section.

793 **SECTION 10.** This act shall take effect and be in force from
794 and after July 1, 2004.