

By: Senator(s) Chaney, Wilemon

To: Finance

SENATE BILL NO. 2293

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
24 spouse, surviving beneficiary and dependent children of retirees
25 and other such sponsored dependents as the board considers
26 appropriate; however, the subsidy provided for in this section
27 shall apply only to the cost of providing coverage to retirees.
28 Initially, the plan shall have benefits equivalent to those in the
29 State and School Employees Health Insurance Plan established in

30 Section 25-15-9; however, the board may modify the plan as
31 necessary to meet the needs of the members of the plan and to
32 maintain the fiscal soundness of the plan. The board may offer an
33 optional plan to retirees who are eligible for Medicare, and any
34 additional cost of that plan shall be paid by the retiree electing
35 that 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
79 pay monthly to the board an amount equal to two and one-half
80 percent (2.5%) of the total payroll of the employer on which
81 retirement contributions are made under retirement plans
82 administered by the 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) This provision of this section shall become effective
136 from and after July 1 of the year in which Section 25-11-143
137 becomes effective as provided in subsection (1) of Section
138 25-11-143.

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

148 (a) Funds may be deposited in federally insured
149 institutions;

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

158 (c) Bonds of the Tennessee Valley Authority; bonds,
159 notes, certificates and other valid obligations of the United
160 States, and other valid obligations of any federal instrumentality

161 that issues securities under authority of an act of Congress and
162 are exempt from registration with the Securities and Exchange
163 Commission; bonds, notes, debentures and other securities issued
164 by any federal instrumentality and fully guaranteed by the United
165 States;

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

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

176 (i) The maximum investments in stocks shall not
177 exceed fifty percent (50%) of the book value of the total
178 investment fund;

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

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

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

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

191 (f) Bonds rated Single A or better, stocks and
192 convertible securities of established non-United States companies,
193 and in foreign government securities rated Single A or better by a

194 recognized rating agency, provided that the total book value of
195 investments under this paragraph at no time shall exceed thirty
196 percent (30%) of the total book value of the total investment
197 fund. The board may take requisite action to effectuate or hedge
198 those transactions through foreign or domestic banks, including
199 the purchase and sale, transfer, exchange, or otherwise disposal
200 of, and generally deal in foreign exchange through the use of
201 foreign currency, interbank forward contracts, futures contracts,
202 options contracts, swaps and other related derivative instruments;

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

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

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

226 (3) All investments shall be acquired at prices not
227 exceeding the prevailing market values for the securities.

228 (4) Any limitations set forth in this section shall be
229 applicable only at the time of purchase and shall not require the
230 liquidation of any investment at any time. All investments shall
231 be clearly marked to indicate ownership by the fund and to the
232 extent possible shall be registered in the name of the fund.

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

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

249 (7) All interest derived from investments and any gains from
250 the sale or exchange of investments shall be credited by the board
251 to the account of the fund.

252 (8) The board of trustees shall be the custodian and
253 fiduciary of the fund.

254 (9) For the purpose of meeting disbursements, cash may be
255 kept available, not exceeding the requirements of the fund for a
256 period of ninety (90) days, on deposit in one or more banks or
257 trust companies organized under the laws of the State of
258 Mississippi or the laws of the United States, provided that the

259 sum on deposit in any one (1) bank or trust company shall not
260 exceed thirty-five percent (35%) of the paid-up capital and
261 regular surplus of the bank or trust company.

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

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

277 (12) Investment management fees and costs shall be paid from
278 the fund.

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

281 * * *

282 25-15-3. For the purposes of this article, the words and
283 phrases used in this section shall have the following meanings:

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

292 of the legislative branch and the judicial branch of the state,
293 full-time salaried judges and full-time district attorneys and
294 their staff, and full-time compulsory school attendance officers.
295 For the purposes of this article, any "employee" making
296 contributions to the Public Employees' Retirement System or the
297 Highway Safety Patrol Retirement System shall be considered a
298 full-time employee.

299 (b) "Department" means the Department of Finance and
300 Administration.

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

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

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

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

309 * * *

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

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

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

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

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

390 Board of Education, a noncertificated school employee appointed by
391 the State Board of Education and a community/junior college
392 employee appointed by the State Board for Community and Junior
393 Colleges.

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

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

423 board on the proposed changes, the changes to the plan will become
424 effective at such time as the board has informed the council that
425 the changes will become effective.

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

431 Benefits for hospital or surgical or medical benefits shall
432 be reduced by any similar benefits payable in accordance with
433 Title XIX of the Social Security Act or under any amendments
434 thereto, or any implementing legislation.

435 Benefits for hospital or surgical or medical benefits shall
436 be reduced by any similar benefits payable by workers'
437 compensation.

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

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

456 case less than Thirty Thousand Dollars (\$30,000.00), with a like
457 amount for accidental death and dismemberment on a
458 twenty-four-hour basis. The plan will further contain a premium
459 waiver provision if a covered employee of any school district,
460 community/junior college, public library, university-based program
461 authorized under Section 37-23-31 for deaf, aphasic and
462 emotionally disturbed children, or any regular nonstudent bus
463 driver becomes totally and permanently disabled before age
464 sixty-five (65) years.

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

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

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

483 (7) On October 1, 1999, any school district,
484 community/junior college district or public library may elect to
485 remain with an existing policy or policies of group life insurance
486 with an insurance company approved by the State and School
487 Employees Health Insurance Management Board, in lieu of
488 participation in the State and School Life Insurance Plan. The

489 state's contribution of up to fifty percent (50%) of the active
490 employee's premium under the State and School Life Insurance Plan
491 may be applied toward the cost of coverage for full-time employees
492 participating in the approved life insurance company group plan.
493 For purposes of this subsection (7), "life insurance company group
494 plan" means a plan administered or sold by a private insurance
495 company. After October 1, 1999, the board may assess charges in
496 addition to the existing State and School Life Insurance Plan
497 rates to those employees as a condition of enrollment in the State
498 and School Life Insurance Plan. In order for any life insurance
499 company group plan existing as of October 1, 1999, to be approved
500 by the State and School Employees Health Insurance Management
501 Board under this subsection (7), it shall meet the following
502 criteria:

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

508 (b) The insurance company group life insurance plan
509 shall provide the same life insurance, accidental death and
510 dismemberment insurance and waiver of premium benefits as provided
511 in the State and School Life Insurance Plan.

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

515 (d) The insurance company group life insurance plan
516 shall have one (1) composite rate per One Thousand Dollars
517 (\$1,000.00) of coverage for active employees regardless of age.

518 (e) The insurance company and its group life insurance
519 plan shall comply with any administrative requirements of the
520 State and School Employees Health Insurance Management Board. If
521 any insurance company providing group life insurance benefits to

522 employees under this subsection (7) fails to comply with any
523 requirements specified in this subsection or any administrative
524 requirements of the board, the state shall discontinue providing
525 funding for the cost of that insurance.

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

528 * * *

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

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

555 determine whether to contract with the carrier that has been
556 determined to have submitted the lowest and best bid, or to reject
557 all the bids and receive new proposals.

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

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

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

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

585 (2) By September 30 of each year, the board shall report to
586 the Joint Legislative Budget Committee, Senate Insurance
587 Committee, House Insurance Committee, Senate Education Committee,

588 House Education Committee and Joint Legislative Committee on
589 Performance Evaluation and Expenditure Review the condition of the
590 State and School Employees Life and Health Insurance Plan. The
591 report shall contain for the most recently completed fiscal year,
592 but not be limited to, the following:

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

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

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

604 (d) Budgetary information, including:

605 (i) A detailed breakdown of all expenditures of
606 the plan, administrative and otherwise, for the most recently
607 completed fiscal year and projected expenditures, administrative
608 and otherwise, for the current and next fiscal year;

609 (ii) A schedule of all contracts, administrative
610 and otherwise, executed for the benefit of the plan during the
611 most recent completed fiscal year and those executed and
612 anticipated for the current fiscal year; and

613 (iii) A description of the processes used by the
614 board to procure all contracts, administrative and otherwise, as
615 well as a description of the scope of services to be provided by
616 each contractor.

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

619 The Joint Legislative Budget Committee, Senate Insurance
620 Committee, House Insurance Committee, Senate Education Committee,

621 House Education Committee and Joint Legislative Committee on
622 Performance Evaluation and Expenditure Review may request
623 additional information or reports from the board on an as-needed
624 basis.

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

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

633 * * *

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

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

641 * * *

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

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

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

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

687 nonstudent bus drivers, whose salaries are paid, in full or in
688 part, by federal funds, the allowance under this section shall be
689 reduced to the extent of that federal funding. Where the use of
690 federal funds is allowable but not available, it is the intent of
691 the Legislature that school districts contribute the cost of
692 participation for the employees from local funds, except that
693 parent fees for child nutrition programs shall not be increased to
694 cover that cost.

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

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

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

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

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

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

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

759 * * *

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

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

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

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

797 **SECTION 10.** This act shall take effect and be in force from
798 and after its passage.