

By: Representative Smith (27th)

To: Insurance;
Appropriations

HOUSE BILL NO. 528

1 AN ACT TO AMEND SECTION 25-15-15, MISSISSIPPI CODE OF 1972,
2 TO PROVIDE THAT THE STATE SHALL PAY THE FULL COST OF HEALTH
3 INSURANCE FOR RETIRED EMPLOYEES WHO HAVE QUALIFIED FOR A
4 DISABILITY RETIREMENT ALLOWANCE UNDER THE PUBLIC EMPLOYEES'
5 RETIREMENT SYSTEM; TO AMEND SECTION 25-11-143, MISSISSIPPI CODE OF
6 1972, TO REMOVE ANY COST OF HEALTH INSURANCE TO EMPLOYEES WHO ARE
7 DRAWING DISABILITY RETIREMENT UNDER THE PUBLIC EMPLOYEES'
8 RETIREMENT SYSTEM; AND FOR RELATED PURPOSES.

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

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

12 **[Effective from and after January 1, 2006, through June 30 of**
13 **the year in which Section 25-11-143 becomes effective as provided**
14 **in subsection (1) of Section 25-11-143, this section shall read as**
15 **follows:]**

16 25-15-15. (1) The board is authorized to determine the
17 manner in which premiums and contributions by the state agencies,
18 local school districts, colleges, universities, community/junior
19 colleges and public libraries shall be collected to provide the
20 self-insured health insurance program for employees as provided
21 under this article. The state shall provide fifty percent (50%)
22 of the cost of the above life insurance plan for all active
23 full-time employees. The state shall provide one hundred percent
24 (100%) of the cost of the health insurance plan for active
25 full-time employees initially employed before January 1, 2006, and
26 retired employees who are receiving a disability retirement
27 allowance under Section 25-11-113 before January 1, 2006. For
28 active full-time employees initially employed on or after January
29 1, 2006, and retired employees who are receiving a disability
30 allowance under Section 25-11-113 on or after January 1, 2006, the

31 state shall provide one hundred percent (100%) of the cost of a
32 basic level of health insurance and the employees may pay
33 additional amounts to purchase additional benefits or levels of
34 coverage offered under the plan. All active full-time employees
35 shall be given the opportunity to purchase coverage for their
36 eligible dependents with the premiums for such dependent coverage,
37 as well as the employee's fifty percent (50%) share for his life
38 insurance coverage, to be deductible from the employee's salary by
39 the agency, department or institution head, which deductions,
40 together with the fifty percent (50%) share of such life insurance
41 premiums of such employing agency, department or institution head
42 from funds appropriated to or authorized to be expended by the
43 employing agency, department or institution head, shall be
44 deposited directly into a depository bank or special fund in the
45 State Treasury, as determined by the board. These funds and
46 interest earned on these funds may be used for the disbursement of
47 claims and shall be exempt from the appropriation process.

48 (2) The state shall provide annually, by line item in the
49 Mississippi Library Commission appropriation bill, such funds to
50 pay one hundred percent (100%) of the cost of health insurance
51 under the State and School Employees Health Insurance Plan for
52 full-time library staff members in each public library in
53 Mississippi initially employed before January 1, 2006. For
54 full-time library staff members initially employed on or after
55 January 1, 2006, the state shall provide one hundred percent
56 (100%) of the cost of a basic level of health insurance under the
57 State and School Employees Health Insurance Plan and the employees
58 may pay additional amounts to purchase additional benefits or
59 levels of coverage offered under the plan. The commission shall
60 allot to each public library a sufficient amount of those funds
61 appropriated to pay the costs of insurance for eligible employees.
62 Any funds so appropriated by line item which are not expended
63 during the fiscal year for which such funds were appropriated

64 shall be carried forward for the same purposes during the next
65 succeeding fiscal year. If any premiums for the health insurance
66 and/or late charges and interest penalties are not paid by a
67 public library in a timely manner, as defined by the board, the
68 Mississippi Library Commission, upon notice by the board, shall
69 immediately withhold all subsequent disbursements of funds to that
70 public library.

71 (3) The state shall annually provide one hundred percent
72 (100%) of the cost of the health insurance plan for public school
73 district employees who work no less than twenty (20) hours during
74 each week and regular nonstudent school bus drivers, if such
75 employees and school bus drivers were initially employed before
76 January 1, 2006. For such employees and school bus drivers
77 initially employed on or after January 1, 2006, the state shall
78 provide one hundred percent (100%) of the cost of a basic level of
79 health insurance under the State and School Employees Health
80 Insurance Plan and the employees may pay additional amounts to
81 purchase additional benefits or levels of coverage offered under
82 the plan. Where federal funding is allowable to defray, in full
83 or in part, the cost of participation in the program by district
84 employees who work no less than twenty (20) hours during the week
85 and regular nonstudent bus drivers, whose salaries are paid, in
86 full or in part, by federal funds, the allowance under this
87 section shall be reduced to the extent of such federal funding.
88 Where the use of federal funds is allowable but not available, it
89 is the intent of the Legislature that school districts contribute
90 the cost of participation for such employees from local funds,
91 except that parent fees for child nutrition programs shall not be
92 increased to cover such cost.

93 (4) The state shall provide annually, by line item in the
94 community/junior college appropriation bill, such funds to pay one
95 hundred percent (100%) of the cost of the health insurance plan
96 for community/junior college district employees initially employed

97 before January 1, 2006, who work no less than twenty (20) hours
98 during each week. For such employees initially employed on or
99 after January 1, 2006, the state shall provide one hundred percent
100 (100%) of the cost of a basic level of health insurance under the
101 State and School Employees Health Insurance Plan and the employees
102 may pay additional amounts to purchase additional benefits or
103 levels of coverage offered under the plan.

104 (5) When the use of federal funding is allowable to defray,
105 in full or in part, the cost of participation in the insurance
106 plan by community/junior college district employees who work no
107 less than twenty (20) hours during each week, whose salaries are
108 paid, in full or in part, by federal funds, the allowance under
109 this section shall be reduced to the extent of the federal
110 funding. Where the use of federal funds is allowable but not
111 available, it is the intent of the Legislature that
112 community/junior college districts contribute the cost of
113 participation for such employees from local funds.

114 (6) Any community/junior college district may contribute to
115 the cost of coverage for any district employee from local
116 community/junior college district funds, and any public school
117 district may contribute to the cost of coverage for any district
118 employee from nonminimum program funds. Any part of the cost of
119 such coverage for participating employees of public school
120 districts and public community/junior college districts that is
121 not paid by the state shall be paid by the participating
122 employees, which shall be deducted from the salaries of the
123 employees in a manner determined by the board.

124 (7) Any funds appropriated for the cost of insurance by line
125 item in the community/junior colleges appropriation bill which are
126 not expended during the fiscal year for which such funds were
127 appropriated shall be carried forward for the same purposes during
128 the next succeeding fiscal year.

129 (8) The board may establish and enforce late charges and
130 interest penalties or other penalties for the purpose of requiring
131 the prompt payment of all premiums for life and health insurance
132 permitted under Chapter 15 of Title 25. All funds in excess of
133 the amount needed for disbursement of claims shall be deposited in
134 a special fund in the State Treasury to be known as the State and
135 School Employees Insurance Fund. The State Treasurer shall invest
136 all funds in the State and School Employees Insurance Fund and all
137 interest earned shall be credited to the State and School
138 Employees Insurance Fund. Such funds shall be placed with one or
139 more depositories of the state and invested on the first day such
140 funds are available for investment in certificates of deposit,
141 repurchase agreements or in United States Treasury bills or as
142 otherwise authorized by law for the investment of Public
143 Employees' Retirement System funds, as long as such investment is
144 made from competitive offering and at the highest and best market
145 rate obtainable consistent with any available investment
146 alternatives; however, such investments shall not be made in
147 shares of stock, common or preferred, or in any other investments
148 which would mature more than one (1) year from the date of
149 investment. The board shall have the authority to draw from this
150 fund periodically such funds as are necessary to operate the
151 self-insurance plan or to pay to the insurance carrier the cost of
152 operation of this plan, it being the purpose to limit the amount
153 of participation by the state to fifty percent (50%) of the cost
154 of the life insurance program and not to limit the contracting for
155 additional benefits where the cost will be paid in full by the
156 employee. The state shall not share in the cost of coverage for
157 retired employees.

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

162 (10) Except as otherwise provided herein for retired
163 employees receiving a disability retirement allowance, any retired
164 employee electing to purchase retired life and health insurance
165 will have the full cost of such insurance deducted monthly from
166 his State of Mississippi retirement plan check or direct billed
167 for the cost of the premium if the retirement check is
168 insufficient to pay for the premium. Except as otherwise provided
169 herein for retired employees receiving a disability retirement
170 allowance, if the board determines actuarially that the premium
171 paid by the participating retirees adversely affects the overall
172 cost of the plan to the state, then the board may impose a premium
173 surcharge, not to exceed fifteen percent (15%), upon such
174 participating retired employees who are under the age for Medicare
175 eligibility and who were initially employed before January 1,
176 2006. Except as otherwise provided herein for retired employees
177 receiving a disability retirement allowance, for participating
178 retired employees who are under the age for Medicare eligibility
179 and who were initially employed on or after January 1, 2006, the
180 board may impose a premium surcharge in an amount the board
181 determines actuarially to cover the full cost of insurance.

182 **[From and after July 1 of the year in which Section 25-11-143**
183 **becomes effective as provided in subsection (1) of Section**
184 **25-11-143, this section shall read as follows:]**

185 25-15-15. (1) The board may determine the manner in which
186 premiums and contributions by the state agencies, local school
187 districts, colleges, universities, community/junior colleges and
188 public libraries will be collected to provide the self-insured
189 health insurance program for employees as provided under this
190 article. The state shall provide fifty percent (50%) of the cost
191 of the above life insurance plan for all active full-time
192 employees. The state shall provide one hundred percent (100%) of
193 the cost of the health insurance plan for active full-time
194 employees initially employed before January 1, 2006, and retired

195 employees who are receiving a disability retirement allowance
196 under Section 25-11-113 before January 1, 2006. For active
197 full-time employees initially employed on or after January 1,
198 2006, and retired employees who are receiving a disability
199 retirement allowance under Section 25-11-113 on or after January
200 1, 2006, the state shall provide one hundred percent (100%) of the
201 cost of a basic level of health insurance and the employees may
202 pay additional amounts to purchase additional benefits or levels
203 of coverage offered under the plan. All active full-time
204 employees shall be given the opportunity to purchase coverage for
205 their eligible dependents with the premiums for the dependent
206 coverage, as well as the employee's fifty percent (50%) share for
207 his life insurance coverage, to be deductible from the employee's
208 salary by the agency, department or institution head. Those
209 deductions, together with the fifty percent (50%) share of the
210 life insurance premiums of the employing agency, department or
211 institution head from funds appropriated to or authorized to be
212 expended by the employing agency, department or institution head,
213 shall be deposited directly into a depository bank or special fund
214 in the State Treasury, as determined by the board. These funds
215 and interest earned on these funds may be used for the
216 disbursement of claims and shall be exempt from the appropriation
217 process.

218 (2) The state shall provide annually, by line item in the
219 Mississippi Library Commission appropriation bill, the funds to
220 pay one hundred percent (100%) of the cost of health insurance
221 under the State and School Employees Health Insurance Plan for all
222 full-time library staff members in each public library in
223 Mississippi initially employed before January 1, 2006. For
224 full-time library staff members initially employed on or after
225 January 1, 2006, the state shall provide one hundred percent
226 (100%) of the cost of a basic level of health insurance under the
227 State and School Employees Health Insurance Plan and the employees

228 may pay additional amounts to purchase additional benefits or
229 levels of coverage offered under the plan. The commission shall
230 allot to each public library a sufficient amount of those funds
231 appropriated to pay the costs of insurance for eligible employees.
232 Any funds so appropriated by line item that are not expended
233 during the fiscal year for which the funds were appropriated shall
234 be carried forward for the same purposes during the next
235 succeeding fiscal year. If any premiums for the health insurance
236 and/or late charges and interest penalties are not paid by a
237 public library in a timely manner, as defined by the board, the
238 Mississippi Library Commission, upon notice by the board, shall
239 immediately withhold all subsequent disbursements of funds to that
240 public library.

241 (3) The state shall annually provide one hundred percent
242 (100%) of the cost of the health insurance plan for public school
243 district employees who work no less than twenty (20) hours during
244 each week and regular nonstudent school bus drivers, if such
245 employees and school bus drivers were initially employed before
246 January 1, 2006. For such employees and school bus drivers
247 initially employed on or after January 1, 2006, the state shall
248 provide one hundred percent (100%) of the cost of a basic level of
249 health insurance under the State and School Employees Health
250 Insurance Plan and the employees may pay additional amounts to
251 purchase additional benefits or levels of coverage offered under
252 the plan. Where federal funding is allowable to defray, in full
253 or in part, the cost of participation in the program by district
254 employees who work no less than twenty (20) hours during the week
255 and regular nonstudent bus drivers, whose salaries are paid, in
256 full or in part, by federal funds, the allowance under this
257 section shall be reduced to the extent of that federal funding.
258 Where the use of federal funds is allowable but not available, it
259 is the intent of the Legislature that school districts contribute
260 the cost of participation for the employees from local funds,

261 except that parent fees for child nutrition programs shall not be
262 increased to cover that cost.

263 (4) The state shall provide annually, by line item in the
264 community/junior college appropriation bill, the funds to pay one
265 hundred percent (100%) of the cost of the health insurance plan
266 for community/junior college district employees initially employed
267 before January 1, 2006, who work no less than twenty (20) hours
268 during each week. For such employees initially employed on or
269 after January 1, 2006, the state shall provide one hundred percent
270 (100%) of the cost of a basic level of health insurance under the
271 State and School Employees Health Insurance Plan and the employees
272 may pay additional amounts to purchase additional benefits or
273 levels of coverage offered under the plan.

274 (5) When the use of federal funding is allowable to defray,
275 in full or in part, the cost of participation in the insurance
276 plan by community/junior college district employees who work no
277 less than twenty (20) hours during each week, whose salaries are
278 paid, in full or in part, by federal funds, the allowance under
279 this section shall be reduced to the extent of the federal
280 funding. Where the use of federal funds is allowable but not
281 available, it is the intent of the Legislature that
282 community/junior college districts contribute the cost of
283 participation for the employees from local funds.

284 (6) Any community/junior college district may contribute to
285 the cost of coverage for any district employee from local
286 community/junior college district funds, and any public school
287 district may contribute to the cost of coverage for any district
288 employee from nonminimum program funds. Any part of the cost of
289 the coverage for participating employees of public school
290 districts and public community/junior college districts that is
291 not paid by the state shall be paid by the participating
292 employees, which shall be deducted from the salaries of the
293 employees in a manner determined by the board.

294 (7) Any funds appropriated for the cost of insurance by line
295 item in the community/junior colleges appropriation bill that are
296 not expended during the fiscal year for which the funds were
297 appropriated shall be carried forward for the same purposes during
298 the next succeeding fiscal year.

299 (8) The board may establish and enforce late charges and
300 interest penalties or other penalties for the purpose of requiring
301 the prompt payment of all premiums for life and health insurance
302 permitted under Chapter 15 of Title 25. All funds in excess of
303 the amount needed for disbursement of claims shall be deposited in
304 a special fund in the State Treasury to be known as the State and
305 School Employees Insurance Fund. The State Treasurer shall invest
306 all funds in the State and School Employees Insurance Fund and all
307 interest earned shall be credited to the State and School
308 Employees Insurance Fund. Those funds shall be placed with one or
309 more depositories of the state and invested on the first day that
310 the funds are available for investment in certificates of deposit,
311 repurchase agreements or in United States Treasury bills or as
312 otherwise authorized by law for the investment of Public
313 Employees' Retirement System funds, as long as the investment is
314 made from competitive offering and at the highest and best market
315 rate obtainable consistent with any available investment
316 alternatives. However, those investments shall not be made in
317 shares of stock, common or preferred, or in any other investments
318 that would mature more than one (1) year from the date of
319 investment. The board shall have the authority to draw from this
320 fund periodically such funds as are necessary to operate the
321 self-insurance plan or to pay to the insurance carrier the cost of
322 operation of this plan, it being the purpose to limit the amount
323 of participation by the state to fifty percent (50%) of the cost
324 of the life insurance program and not to limit the contracting for
325 additional benefits where the cost will be paid in full by the
326 employee.

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

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

333 25-11-143. (1) This provision of this section shall become
334 effective from and after July 1 of the year following the year in
335 which the board determines and the board's actuary certifies that
336 the employer's contribution rate to the Public Employees'
337 Retirement System can be reduced by one percent (1%) without
338 causing the unfunded accrued actuarial liability amortization
339 period for the retirement system to exceed twenty (20) years.

340 (2) As used in this section, the term "retiree" means any
341 person receiving a service * * * retirement benefit from any
342 system administered by the board; however, in the case of persons
343 participating in the optional retirement plan established in
344 Section 25-11-401 et seq., the term "retiree" includes only those
345 persons who would be entitled to receive a retirement allowance
346 under the provisions of Section 25-11-111 if they were not members
347 of the optional retirement plan.

348 (3) The board shall design a plan of health insurance for
349 all current and future retirees that will take effect from and
350 after January 1 following the year in which this section becomes
351 effective as provided in subsection (1) of this section. The plan
352 may include coverage for the spouse, surviving beneficiary and
353 dependent children of retirees and other such sponsored dependents
354 as the board considers appropriate; however, the subsidy provided
355 for in this section shall apply only to the cost of providing
356 coverage to retirees. Initially, the plan shall have benefits
357 equivalent to those in the State and School Employees Health
358 Insurance Plan established in Section 25-15-9; however, the board
359 may modify the plan as necessary to meet the needs of the members

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

364 (4) (a) Retirees may decline coverage in the plan
365 established by this section, but they may be included in the plan
366 later if they apply for coverage during any open enrollment
367 periods that may be established by the board and can show, by
368 evidence considered sufficient to the board, that they were
369 covered by health insurance during the period of time that they
370 were not covered by the plan established by this section. The
371 board may adjust the amount of the subsidy for those persons and
372 may limit the number of times retirees who decline coverage who
373 may be later included in the plan.

374 (b) The board shall determine the manner in which
375 persons who elect continuation coverage under the federal
376 Consolidated Omnibus Budget Reconciliation Act of 1987 (COBRA)
377 will be treated regarding their eligibility for coverage under the
378 plan established under this section and the amount of the subsidy
379 for those persons.

380 (5) From and after January 1 following the year in which
381 this section becomes effective as provided in subsection (1) of
382 this section, the board shall subsidize a portion of the cost of
383 providing the plan of health insurance to retirees. The amount of
384 the subsidy provided for each retiree shall be equal to a
385 percentage of the annual cost of providing coverage under the plan
386 to the retiree as determined by the board. Except as otherwise
387 provided in this section, the percentage amount of the subsidy
388 shall be two percent (2%) for each year of creditable service,
389 less any fronted service for age-limited disability benefits of
390 the retiree up to a maximum of sixty percent (60%). Once the
391 percentage amount of the subsidy has been determined under this
392 subsection, it may not be changed unless the retiree returns to

393 membership service and earns additional years of creditable
394 service or elects not to be enrolled in the plan for a period of
395 time.

396 * * *

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

402 (7) From and after July 1 of the year in which this section
403 becomes effective as provided in subsection (1) of this section,
404 each employer shall pay monthly to the board an amount equal to
405 two and one-half percent (2.5%) of the total payroll of the
406 employer on which retirement contributions are made under
407 retirement plans administered by the Public Employees' Retirement
408 System.

409 (8) The board may establish and enforce late charges and
410 interest penalties or other penalties for the purpose of requiring
411 the prompt payment of all contributions required under this
412 section. After appropriation for administration expenses of the
413 program, all funds received by the board under this section shall
414 be held in a fund in the custody of the board. All those funds
415 held by the board shall be utilized for the purpose of subsidizing
416 the health insurance plan required to be established by this
417 section, and shall be invested as provided in Section 25-11-145.

418 (9) The board:

419 (a) Shall administer the plan;

420 (b) Shall have the sole authority to promulgate rules
421 and regulations governing the plan, and shall be vested with all
422 legal authority necessary and proper to perform this function
423 including, but not limited to, defining the benefits provided by
424 the plan, requesting and accepting bids for services, establishing
425 premium rates and receiving premium payments;

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

429 (d) Is authorized to procure legal services if it deems
430 these services necessary to carry out its responsibilities under
431 this section.

432 **SECTION 3.** This act shall take effect and be in force from
433 and after July 1, 2006.