

By: Representative Smith (27th)

To: Insurance;
Appropriations

HOUSE BILL NO. 614

1 AN ACT TO AMEND SECTION 25-15-15, MISSISSIPPI CODE OF 1972,
2 TO PROVIDE THAT THE STATE SHALL PAY THE FULL COST OF HEALTH
3 INSURANCE FOR PUBLIC SCHOOL TEACHERS WHO HAVE RETIRED UNDER THE
4 PUBLIC EMPLOYEES' RETIREMENT SYSTEM; TO AMEND SECTION 25-11-143,
5 MISSISSIPPI CODE OF 1972, IN CONFORMITY THERETO; AND FOR RELATED
6 PURPOSES.

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

8 SECTION 1. Section 25-15-15, Mississippi Code of 1972, is
9 amended as follows:

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

14 25-15-15. (1) The board is authorized to determine the
15 manner in which premiums and contributions by the state agencies,
16 local school districts, colleges, universities, community/junior
17 colleges and public libraries shall be collected to provide the
18 self-insured health insurance program for employees as provided
19 under this article. The state shall provide fifty percent (50%)
20 of the cost of the above life insurance plan for all active
21 full-time employees. The state shall provide one hundred percent
22 (100%) of the cost of the health insurance plan for active
23 full-time employees initially employed before January 1, 2006, and
24 public school teachers who are retired under the Public Employees'
25 Retirement System before January 1, 2006. For active full-time
26 employees initially employed on or after January 1, 2006, and
27 public school teachers who are retired under the Public Employees'
28 Retirement System on or after January 1, 2006, the state shall
29 provide one hundred percent (100%) of the cost of a basic level of

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

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

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

69 (3) The state shall annually provide one hundred percent
70 (100%) of the cost of the health insurance plan for public school
71 district employees who work no less than twenty (20) hours during
72 each week and regular nonstudent school bus drivers, if such
73 employees and school bus drivers were initially employed before
74 January 1, 2006. For such employees and school bus drivers
75 initially employed on or after January 1, 2006, the state shall
76 provide one hundred percent (100%) of the cost of a basic level of
77 health insurance under the State and School Employees Health
78 Insurance Plan and the employees may pay additional amounts to
79 purchase additional benefits or levels of coverage offered under
80 the plan. Where federal funding is allowable to defray, in full
81 or in part, the cost of participation in the program by district
82 employees who work no less than twenty (20) hours during the week
83 and regular nonstudent bus drivers, whose salaries are paid, in
84 full or in part, by federal funds, the allowance under this
85 section shall be reduced to the extent of such federal funding.
86 Where the use of federal funds is allowable but not available, it
87 is the intent of the Legislature that school districts contribute
88 the cost of participation for such employees from local funds,
89 except that parent fees for child nutrition programs shall not be
90 increased to cover such cost.

91 (4) The state shall provide annually, by line item in the
92 community/junior college appropriation bill, such funds to pay one
93 hundred percent (100%) of the cost of the health insurance plan
94 for community/junior college district employees initially employed
95 before January 1, 2006, who work no less than twenty (20) hours

96 during each week. For such employees initially employed on or
97 after January 1, 2006, the state shall provide one hundred percent
98 (100%) of the cost of a basic level of health insurance under the
99 State and School Employees Health Insurance Plan and the employees
100 may pay additional amounts to purchase additional benefits or
101 levels of coverage offered under the plan.

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

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

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

127 (8) The board may establish and enforce late charges and
128 interest penalties or other penalties for the purpose of requiring

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

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

160 (10) Except as otherwise provided herein for public school
161 teachers who are retired under the Public Employees' Retirement

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

177 **[From and after July 1 of the year in which Section 25-11-143**
178 **becomes effective as provided in subsection (1) of Section**
179 **25-11-143, this section shall read as follows:]**

180 25-15-15. (1) The board may determine the manner in which
181 premiums and contributions by the state agencies, local school
182 districts, colleges, universities, community/junior colleges and
183 public libraries will be collected to provide the self-insured
184 health insurance program for employees as provided under this
185 article. The state shall provide fifty percent (50%) of the cost
186 of the above life insurance plan for all active full-time
187 employees. The state shall provide one hundred percent (100%) of
188 the cost of the health insurance plan for active full-time
189 employees initially employed before January 1, 2006. For active
190 full-time employees initially employed on or after January 1,
191 2006, the state shall provide one hundred percent (100%) of the
192 cost of a basic level of health insurance and the employees may
193 pay additional amounts to purchase additional benefits or levels
194 of coverage offered under the plan. All active full-time

195 employees shall be given the opportunity to purchase coverage for
196 their eligible dependents with the premiums for the dependent
197 coverage, as well as the employee's fifty percent (50%) share for
198 his life insurance coverage, to be deductible from the employee's
199 salary by the agency, department or institution head. Those
200 deductions, together with the fifty percent (50%) share of the
201 life insurance premiums of the employing agency, department or
202 institution head from funds appropriated to or authorized to be
203 expended by the employing agency, department or institution head,
204 shall be deposited directly into a depository bank or special fund
205 in the State Treasury, as determined by the board. These funds
206 and interest earned on these funds may be used for the
207 disbursement of claims and shall be exempt from the appropriation
208 process.

209 (2) The state shall provide annually, by line item in the
210 Mississippi Library Commission appropriation bill, the funds to
211 pay one hundred percent (100%) of the cost of health insurance
212 under the State and School Employees Health Insurance Plan for all
213 full-time library staff members in each public library in
214 Mississippi initially employed before January 1, 2006, and public
215 school teachers who are retired under the Public Employees'
216 Retirement System before January 1, 2006. For full-time library
217 staff members initially employed on or after January 1, 2006, and
218 public school teachers who are retired under the Public Employees'
219 Retirement System on or after January 1, 2006, the state shall
220 provide one hundred percent (100%) of the cost of a basic level of
221 health insurance under the State and School Employees Health
222 Insurance Plan and the employees may pay additional amounts to
223 purchase additional benefits or levels of coverage offered under
224 the plan. The commission shall allot to each public library a
225 sufficient amount of those funds appropriated to pay the costs of
226 insurance for eligible employees. Any funds so appropriated by
227 line item that are not expended during the fiscal year for which

228 the funds were appropriated shall be carried forward for the same
229 purposes during the next succeeding fiscal year. If any premiums
230 for the health insurance and/or late charges and interest
231 penalties are not paid by a public library in a timely manner, as
232 defined by the board, the Mississippi Library Commission, upon
233 notice by the board, shall immediately withhold all subsequent
234 disbursements of funds to that public library.

235 (3) The state shall annually provide one hundred percent
236 (100%) of the cost of the health insurance plan for public school
237 district employees who work no less than twenty (20) hours during
238 each week and regular nonstudent school bus drivers, if such
239 employees and school bus drivers were initially employed before
240 January 1, 2006. For such employees and school bus drivers
241 initially employed on or after January 1, 2006, the state shall
242 provide one hundred percent (100%) of the cost of a basic level of
243 health insurance under the State and School Employees Health
244 Insurance Plan and the employees may pay additional amounts to
245 purchase additional benefits or levels of coverage offered under
246 the plan. Where federal funding is allowable to defray, in full
247 or in part, the cost of participation in the program by district
248 employees who work no less than twenty (20) hours during the week
249 and regular nonstudent bus drivers, whose salaries are paid, in
250 full or in part, by federal funds, the allowance under this
251 section shall be reduced to the extent of that federal funding.
252 Where the use of federal funds is allowable but not available, it
253 is the intent of the Legislature that school districts contribute
254 the cost of participation for the employees from local funds,
255 except that parent fees for child nutrition programs shall not be
256 increased to cover that cost.

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

261 before January 1, 2006, who work no less than twenty (20) hours
262 during each week. For such employees initially employed on or
263 after January 1, 2006, the state shall provide one hundred percent
264 (100%) of the cost of a basic level of health insurance under the
265 State and School Employees Health Insurance Plan and the employees
266 may pay additional amounts to purchase additional benefits or
267 levels of coverage offered under the plan.

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

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

288 (7) Any funds appropriated for the cost of insurance by line
289 item in the community/junior colleges appropriation bill that are
290 not expended during the fiscal year for which the funds were
291 appropriated shall be carried forward for the same purposes during
292 the next succeeding fiscal year.

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

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

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

327 25-11-143. (1) This provision of this section shall become
328 effective from and after July 1 of the year following the year in
329 which the board determines and the board's actuary certifies that
330 the employer's contribution rate to the Public Employees'
331 Retirement System can be reduced by one percent (1%) without
332 causing the unfunded accrued actuarial liability amortization
333 period for the retirement system to exceed twenty (20) years.

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

342 (3) The board shall design a plan of health insurance for
343 all current and future retirees that will take effect from and
344 after January 1 following the year in which this section becomes
345 effective as provided in subsection (1) of this section. The plan
346 may include coverage for the spouse, surviving beneficiary and
347 dependent children of retirees and other such sponsored dependents
348 as the board considers appropriate; however, the subsidy provided
349 for in this section shall apply only to the cost of providing
350 coverage to retirees. Initially, the plan shall have benefits
351 equivalent to those in the State and School Employees Health
352 Insurance Plan established in Section 25-15-9; however, the board
353 may modify the plan as necessary to meet the needs of the members
354 of the plan and to maintain the fiscal soundness of the plan. The
355 board may offer an optional plan to retirees who are eligible for
356 Medicare, and any additional cost of that plan shall be paid by
357 the retiree electing that optional coverage.

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

368 (b) The board shall determine the manner in which
369 persons who elect continuation coverage under the federal
370 Consolidated Omnibus Budget Reconciliation Act of 1987 (COBRA)
371 will be treated regarding their eligibility for coverage under the
372 plan established under this section and the amount of the subsidy
373 for those persons.

374 (5) From and after January 1 following the year in which
375 this section becomes effective as provided in subsection (1) of
376 this section, the board shall subsidize a portion of the cost of
377 providing the plan of health insurance to retirees. The amount of
378 the subsidy provided for each retiree shall be equal to a
379 percentage of the annual cost of providing coverage under the plan
380 to the retiree as determined by the board. Except as otherwise
381 provided in this section, the percentage amount of the subsidy
382 shall be two percent (2%) for each year of creditable service,
383 less any fronted service for age-limited disability benefits of
384 the retiree up to a maximum of sixty percent (60%). Once the
385 percentage amount of the subsidy has been determined under this
386 subsection, it may not be changed unless the retiree returns to
387 membership service and earns additional years of creditable
388 service or elects not to be enrolled in the plan for a period of
389 time. However, the state shall provide one hundred percent (100%)
390 of the cost of the health insurance plan for public school

391 teachers who have retired under the Public Employees' Retirement
392 System.

393 (6) The amount of the subsidy for each disability retiree
394 shall be calculated in the same manner as other retirees. For
395 purposes of determining the amount that a disability retiree must
396 pay above the subsidy for coverage under the plan, the cost of
397 coverage for disability retirees shall be deemed to be the average
398 cost of providing coverage for other retirees as determined by the
399 board.

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

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

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

421 (10) The board:

422 (a) Shall administer the plan;

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

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

432 (d) Is authorized to procure legal services if it deems
433 these services necessary to carry out its responsibilities under
434 this section.

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