

By: Representative Calhoun

To: Corrections;  
Appropriations

HOUSE BILL NO. 740

1 AN ACT TO ESTABLISH A STATEWIDE SPONSORED INSURANCE PLAN FOR  
2 INMATE MEDICAL COSTS; TO PROVIDE DEFINITIONS FOR THE PLAN; TO  
3 PROVIDE THE DUTIES OF THE BOARD FOR THE PLAN; TO CREATE AN  
4 ADVISORY COUNCIL FOR THE BOARD; TO AUTHORIZE THE BOARD TO ENTER  
5 INTO CONTRACTS FOR THE PLAN; TO PROVIDE A CERTAIN AMOUNT OF  
6 CONTRIBUTION FROM THE STATE AND COUNTIES AND MUNICIPALITIES IN  
7 ORDER TO FUND THE PLAN; AND FOR RELATED PURPOSES.

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

9 **SECTION 1.** For the purposes of this chapter, the words and  
10 phrases used herein shall have the following meanings:

11 (a) "Inmate" means a person who is incarcerated in any  
12 municipal, or county jail or within any state correctional  
13 facility.

14 (b) "Department" means the Department of Finance and  
15 Administration.

16 (c) "Plan" means the Statewide Sponsored Insurance Plan  
17 for Inmate Medical Costs.

18 (d) "Fund" means the Statewide Sponsored Insurance Plan  
19 for Inmate Medical Costs set up under this article.

20 (e) "Board" means the Statewide Sponsored Insurance  
21 Plan for Inmate Medical Costs Board.

22 **SECTION 2.** (1) The board shall administer the plan and is  
23 authorized to adopt and promulgate rules and regulations for its  
24 administration, subject to the terms and limitations contained in  
25 this article.

26 (2) The board shall develop a five-year strategic plan for  
27 the insurance plan established by Section 1 of this act. The  
28 strategic plan shall address, but not be limited to:

29 (a) Changing trends in the health care industry, and  
30 how they effect delivery of services to inmates of the plan.

31 (b) Alternative service delivery systems.

32 (c) Any foreseeable problems with the present system of  
33 delivering and administering health care benefits in Mississippi.

34 (d) The development of options and recommendations for  
35 changes in the plan.

36 (3) To carry out the requirements of subsection (2) of this  
37 section, the board may conduct formal research, including  
38 questionnaires and attitudinal surveys of inmates' needs and  
39 preferences with respect to service delivery.

40 (4) The board shall develop and make available for public  
41 review at its offices a comprehensive plan document which  
42 documents all benefits for which inmates of the plan created by  
43 Section 1 of this act are eligible.

44 (5) (a) The board may enter into contracts with  
45 accountants, actuaries and other persons from the private sector  
46 whose skills are necessary to carry out the purposes of the plan.

47 (b) Before the board enters into any contract for  
48 services as provided in paragraph (a) of this subsection, the  
49 board shall first determine that the services are required, and  
50 that the staff of the board and personnel of other state agencies  
51 are not sufficiently experienced to provide the services.

52 (c) The board is also authorized to procure legal  
53 services if it deems these services to be necessary to carry out  
54 its responsibilities under the plan.

55 **SECTION 3.** Such health insurance shall not include expense  
56 incurred by or on account of an inmate prior to the effective date  
57 of the plan as to him; dental care and treatment, except dental  
58 surgery and appliances to the extent necessary for the correction  
59 of damage caused by accidental injury while covered by the plan,  
60 or as a direct result of disease covered by the plan; eyeglasses,  
61 hearing aids and examinations for the prescription or fitting

62 thereof; cosmetic surgery or treatment, except to the extent  
63 necessary for correction of damage by accidental injury while  
64 covered by the plan or as a direct result of disease covered by  
65 the plan; services received in a hospital owned or operated by the  
66 United States government for which no charge is made; services  
67 received for injury or sickness due to war or any act of war,  
68 whether declared or undeclared, which war or act of war shall have  
69 occurred after the effective date of this plan; expense for which  
70 the individual is not required to make payment; expenses to the  
71 extent of benefits provided under any employer group plan other  
72 than this plan, in which the state participates in the cost  
73 thereof; and such other expenses as may be excluded by regulations  
74 of the board.

75       **SECTION 4.** (1) (a) The board shall design a plan of health  
76 insurance for inmates which provides benefits for semiprivate  
77 rooms in addition to other incidental coverages which the board  
78 deems necessary. The amount of the coverages shall be in such  
79 reasonable amount as may be determined by the board to be  
80 adequate, after due consideration of current health costs in  
81 Mississippi. The plan shall also include major medical benefits  
82 in such amounts as the board shall determine. The board is also  
83 authorized to accept bids for such alternate coverage and optional  
84 benefits as the board shall deem proper. Any contract for  
85 alternative coverage and optional benefits shall be awarded by the  
86 board after it has carefully studied and evaluated the bids and  
87 selected the best and most cost-effective bid. The board may  
88 reject all such bids; however, the board shall notify all bidders  
89 of the rejection and shall actively solicit new bids if all bids  
90 are rejected. The board may employ or contract for such  
91 consulting or actuarial services as may be necessary to formulate  
92 the plan, and to assist the board in the preparation of  
93 specifications and in the process of advertising for the bids for  
94 the plan. The board shall keep a record of all persons, agents

95 and corporations who contract with or assist the board in  
96 preparing and developing the plan. The board in a timely manner  
97 shall provide copies of this record to the members of the advisory  
98 council created in this section and those legislators, or their  
99 designees, who may attend meetings of the advisory council. The  
100 board shall provide copies of this record in the solicitation of  
101 bids for the administration or servicing of the self-insured  
102 program. Each person, agent or corporation which, during the  
103 previous fiscal year, has assisted in the development of the plan  
104 or employed or compensated any person who assisted in the  
105 development of the plan, and which bids on the administration or  
106 servicing of the plan, shall submit to the board a statement  
107 accompanying the bid explaining in detail its participation with  
108 the development of the plan. This statement shall include the  
109 amount of compensation paid by the bidder to any such employee  
110 during the previous fiscal year. The board shall make all such  
111 information available to the members of the advisory council and  
112 those legislators, or their designees, who may attend meetings of  
113 the advisory council before any action is taken by the board on  
114 the bids submitted. The failure of any bidder to fully and  
115 accurately comply with this paragraph shall result in the  
116 rejection of any bid submitted by that bidder or the cancellation  
117 of any contract executed when the failure is discovered after the  
118 acceptance of that bid. The board is authorized to promulgate  
119 rules and regulations to implement the provisions of this  
120 subsection.

121 Any corporation, association, company or individual that  
122 contracts with the board for the third-party claims administration  
123 of the self-insured plan shall prepare and keep on file an  
124 explanation of benefits for each claim processed. The explanation  
125 of benefits shall contain such information relative to each  
126 processed claim which the board deems necessary, and, at a  
127 minimum, each explanation shall provide the claimant's name, claim

128 number, provider number, provider name, service dates, type of  
129 services, amount of charges, amount allowed to the claimant and  
130 reason codes. The information contained in the explanation of  
131 benefits shall be available for inspection upon request by the  
132 board. The board shall have access to all claims information  
133 utilized in the issuance of payments to inmates and providers.

134 (b) There is created an advisory council to advise the  
135 board in the formulation of the Statewide Sponsored Insurance Plan  
136 for Inmate Medical Costs. The council shall be composed of the  
137 State Insurance Commissioner or his designee, an  
138 employee-representative of the institutions of higher learning  
139 appointed by the board of trustees thereof, an  
140 employee-representative of the Department of Transportation  
141 appointed by the director thereof, an employee-representative of  
142 the State Tax Commission appointed by the Commissioner of Revenue,  
143 an employee-representative of the Mississippi Department of Health  
144 appointed by the State Health Officer, an employee-representative  
145 of the Mississippi Department of Corrections appointed by the  
146 Commissioner of Corrections, and an employee-representative of the  
147 Department of Human Services appointed by the Executive Director  
148 of Human Services, two (2) certificated public school  
149 administrators appointed by the State Board of Education, two (2)  
150 certificated classroom teachers appointed by the State Board of  
151 Education, a noncertificated school employee appointed by the  
152 State Board of Education and a community/junior college employee  
153 appointed by the State Board for Community and Junior Colleges.

154 The Lieutenant Governor may designate the Secretary of the  
155 Senate, the Chairman of the Senate Appropriations Committee, the  
156 Chairman of the Senate Education Committee and the Chairman of the  
157 Senate Insurance Committee, and the Speaker of the House of  
158 Representatives may designate the Clerk of the House, the Chairman  
159 of the House Appropriations Committee, the Chairman of the House  
160 Education Committee and the Chairman of the House Insurance

161 Committee, to attend any meeting of the Statewide Sponsored  
162 Insurance Plan for Inmate Medical Costs Advisory Council. The  
163 appointing authorities may designate an alternate member from  
164 their respective houses to serve when the regular designee is  
165 unable to attend such meetings of the council. Such designees  
166 shall have no jurisdiction or vote on any matter within the  
167 jurisdiction of the council. For attending meetings of the  
168 council, such legislators shall receive per diem and expenses  
169 which shall be paid from the contingent expense funds of their  
170 respective houses in the same amounts as provided for committee  
171 meetings when the Legislature is not in session; however, no per  
172 diem and expenses for attending meetings of the council will be  
173 paid while the Legislature is in session. No per diem and  
174 expenses will be paid except for attending meetings of the council  
175 without prior approval of the proper committee in their respective  
176 houses.

177 (c) No change in the terms of the Statewide Sponsored  
178 Insurance Plan for Inmate Medical Costs may be made effective  
179 unless the board, or its designee, has provided notice to the  
180 Statewide Sponsored Insurance Plan for Inmate Medical Costs  
181 Advisory Council and has called a meeting of the council at least  
182 fifteen (15) days before the effective date of such change. In  
183 the event that the Statewide Sponsored Insurance Plan for Inmate  
184 Medical Costs Advisory Council does not meet to advise the board  
185 on the proposed changes, the changes to the plan shall become  
186 effective at such time as the board has informed the council that  
187 the changes shall become effective.

188 **SECTION 5.** (1) The board is authorized to execute a  
189 contract or contracts to provide the benefits under the plan.  
190 Such contract or contracts may be executed with one or more  
191 corporations or associations licensed to transact health insurance  
192 business in this state; however, no such contract shall be  
193 executed with any corporation, association or company domiciled in

194 any other state except that such corporation, association or  
195 company shall meet the conditions and terms for a like contract  
196 established by the state of the domicile of such corporation,  
197 association or company for a Mississippi corporation, association  
198 or company. No corporation, association or company with less than  
199 five (5) years' experience in the health field may bid. All of  
200 the benefits to be provided under the plan may be included in one  
201 or more similar contracts, or the benefits may be classified into  
202 different types with each type included under one or more similar  
203 contracts issued by the same or different companies.

204 The board shall supply the statistical information upon which  
205 a quotation is to be calculated, upon request, to all carriers  
206 licensed in the state. Bids may be accepted at the discretion of  
207 the board, and the board shall have the right to adjust rates on  
208 an annual basis if the board shall deem such adjustment necessary.  
209 Any additional written information the carrier wishes to submit,  
210 supporting the proposed benefits and premium rate, may accompany  
211 the proposal. After receiving the proposals, the board shall  
212 determine whether to contract with the carrier which has been  
213 determined to have submitted the lowest and best bid, or to reject  
214 all such bids and receive new proposals.

215 The board shall authorize any corporation licensed to  
216 transact health insurance business in this state issuing any such  
217 contract to reinsure portions of such contract with any other such  
218 corporation which elected to be a reinsurer and is legally  
219 competent to enter into a reinsurance agreement. The board may  
220 designate one or more of such corporations as the administering  
221 corporation or corporations.

222 The board may, as of the end of any contract year,  
223 discontinue any contract or contracts it has executed with any  
224 corporation or corporations and replace it or them with a contract  
225 or contracts in any other corporation or corporations meeting the  
226 requirements of this section.

227           The board may reject any and all bids and contracts under  
228 this section and may elect for the state to become a self-insurer;  
229 however, administration and service of any such self-insured  
230 program may be contracted to a third party by the board. Any  
231 contract with a third party to administer the plan shall be bid.

232           (2) By September 30 of each year, the board shall report to  
233 the Joint Legislative Budget Committee, Senate Insurance  
234 Committee, House Insurance Committee, Senate Corrections  
235 Committee, House Corrections Committee and Joint Legislative  
236 Committee on Performance Evaluation and Expenditure Review the  
237 condition of the Statewide Sponsored Insurance Plan for Inmate  
238 Medical Costs. Such report shall contain for the most recently  
239 completed fiscal year, but not be limited to, the following:

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

242           (b) The history of yearly claims paid and premiums  
243 received for each premium class, including, but not limited to,  
244 active employees, dependents and retirees.

245           (c) Budgetary information, including:

246           (i) A detailed breakdown of all expenditures of  
247 the plan, administrative and otherwise, for the most recently  
248 completed fiscal year and projected expenditures, administrative  
249 and otherwise, for the current and next fiscal year;

250           (ii) A schedule of all contracts, administrative  
251 and otherwise, executed for the benefit of the plan during the  
252 most recent completed fiscal year and those executed and  
253 anticipated for the current fiscal year; and

254           (iii) A description of the processes used by the  
255 board to procure all contracts, administrative and otherwise, as  
256 well as a description of the scope of services to be provided by  
257 each contractor.

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



260 The Joint Legislative Budget Committee, Senate Insurance  
261 Committee, House Insurance Committee, Senate Corrections  
262 Committee, House Corrections Committee and Joint Legislative  
263 Committee on Performance Evaluation and Expenditure Review may  
264 request additional information or reports from the board on an  
265 as-needed basis.

266 (3) Annually, the board shall request, and the Department of  
267 Audit shall conduct, a comprehensive audit of the Statewide  
268 Sponsored Insurance Plan for Inmate Medical Costs. For purposes  
269 of this section, the audit required herein shall be separate and  
270 distinct from any audit prepared in conjunction with the  
271 development of the Comprehensive Annual Financial Report (CAFR).

272 **SECTION 6.** (1) The board is authorized to determine the  
273 manner in which premiums and contributions by the municipalities,  
274 counties and the state that house inmates shall be collected to  
275 provide the self-insured health insurance program for employees as  
276 provided under this article. The state shall provide seventy-five  
277 percent (75%) of the cost of the above health insurance plan for  
278 inmates and municipalities and counties shall provide twenty-five  
279 percent (25%) of the cost of the plan. The amount of the  
280 municipal and county contribution shall be based on the state  
281 population.

282 (2) When the use of federal funding is allowable to defray,  
283 in full or in part, the cost of participation in the insurance  
284 plan by those who house inmates the allowance under this section  
285 shall be reduced to the extent of the federal funding.

286 (3) The board may establish and enforce late charges and  
287 interest penalties or other penalties for the purpose of requiring  
288 the prompt payment of all premiums. All funds in excess of the  
289 amount needed for disbursement of claims shall be deposited in a  
290 special fund in the State Treasury to be known as the Statewide  
291 Sponsored Insurance Plan For Inmate Medical Costs Fund. The State  
292 Treasurer shall invest all funds in the Statewide Sponsored

293 Insurance Plan For Inmate Medical Costs Fund and all interest  
294 earned shall be credited to the Statewide Sponsored Insurance Plan  
295 For Inmate Medical Costs Fund. Such funds shall be placed with  
296 one or more depositories of the state and invested on the first  
297 day such funds are available for investment in certificates of  
298 deposit, repurchase agreements or in United States Treasury bills  
299 or as otherwise authorized by law for the investment of Public  
300 Employees' Retirement System funds, as long as such investment is  
301 made from competitive offering and at the highest and best market  
302 rate obtainable consistent with any available investment  
303 alternatives; however, such investments shall not be made in  
304 shares of stock, common or preferred, or in any other investments  
305 which would mature more than one (1) year from the date of  
306 investment. The board shall have the authority to draw from this  
307 fund periodically such funds as are necessary to operate the plan  
308 or to pay to the insurance carrier the cost of operation of this  
309 plan.

310 (4) The board shall also provide for the creation of an  
311 Insurance Reserve Fund and funds therein shall be invested by the  
312 State Treasurer with all interest earned credited to the Statewide  
313 Sponsored Insurance Plan for Inmate Medical Costs Insurance Fund.

314 **SECTION 7.** Any benefits payable under the plan may be made  
315 either directly to the attending physicians, hospitals, medical  
316 groups, or others furnishing the services upon which a claim is  
317 based, or to the covered employee, upon presentation of valid  
318 bills for such services, subject to such provisions to facilitate  
319 payment as may be made by the board.

320 **SECTION 8.** This act shall take effect and be in force from  
321 and after July 1, 2007.