

By: Representative Ladner

To: Insurance;
Appropriations

HOUSE BILL NO. 978

1 AN ACT TO AMEND SECTIONS 25-15-3, 25-15-15 AND 25-15-101,
 2 MISSISSIPPI CODE OF 1972, TO REVISE THE DEFINITION OF THE TERMS
 3 "EMPLOYEE" AND "RETIREE" TO INCLUDE COUNTY AND MUNICIPAL
 4 EMPLOYEES, INCLUDING ELECTED OFFICIALS, FOR THE PURPOSES OF
 5 ELIGIBILITY TO PARTICIPATE IN THE HEALTH INSURANCE PROGRAM OF THE
 6 STATE AND SCHOOL EMPLOYEES HEALTH AND LIFE INSURANCE PLAN; TO
 7 PROVIDE THAT THE STATE SHALL NOT SHARE IN THE COST OF HEALTH
 8 INSURANCE FOR SUCH EMPLOYEES; TO AUTHORIZE A COUNTY OR
 9 MUNICIPALITY EMPLOYING SUCH PERSONS TO PAY TO THE STATE AN AMOUNT
 10 EQUAL TO THE COST THAT THE COUNTY OR MUNICIPALITY WOULD PAY FOR
 11 THE COVERAGE OF SUCH EMPLOYEES UNDER OTHER PROVISIONS OF LAW; AND
 12 FOR RELATED PURPOSES.

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

14 **SECTION 1.** Section 25-15-3, Mississippi Code of 1972, is
 15 amended as follows:

16 25-15-3. For the purposes of this article, the words and
 17 phrases used herein shall have the following meanings:

18 (a) "Employee" means a person who works full time for
 19 the State of Mississippi and receives his compensation in a direct
 20 payment from a department, agency or institution of the state
 21 government and any person who works full time for any school
 22 district, community/junior college, public library or
 23 university-based program authorized under Section 37-23-31 for



24 deaf, aphasic and emotionally disturbed children or any regular
25 nonstudent bus driver. This shall include legislators, employees
26 of the legislative branch and the judicial branch of the state and
27 "employees" shall include full-time salaried judges and full-time
28 district attorneys and their staff and full-time compulsory school
29 attendance officers. For the purposes of this article, any
30 "employee" making contributions to the State of Mississippi
31 retirement plan shall be considered a full-time employee. For the
32 purposes of participation in the health insurance program of the
33 plan, the term "employee" also means any active county or
34 municipal employee, including elected officials, but the term
35 "employee" shall not include such persons for the purposes of
36 participation in the life insurance program of the plan.

37 (b) "Department" means the Department of Finance and
38 Administration.

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

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

43 (e) "Retiree" means any employee who is retired under
44 the * * * Public Employees' Retirement System of Mississippi or
45 the Highway Safety Patrol Retirement System and is receiving a
46 retirement allowance from either system. The term "retiree" also
47 means any retired county or municipal employee, including elected
48 officials, who participated as a member of the health insurance



49 program of the plan for at least twenty (20) years before such
50 employee retired.

51 (f) "Board" means the State and School Employees Health
52 Insurance Management Board created under Section 25-15-303.

53 **SECTION 2.** Section 25-15-15, Mississippi Code of 1972, is
54 amended as follows:

55 25-15-15. (1) The board is authorized to determine the
56 manner in which premiums and contributions by the state agencies,
57 local school districts, colleges, universities, community/junior
58 colleges and public libraries shall be collected to provide the
59 self-insured health insurance program for employees as provided
60 under this article. The state shall provide fifty percent (50%)
61 of the cost of the above life insurance plan for all active
62 full-time employees. The state shall provide one hundred percent
63 (100%) of the cost of the health insurance plan for active
64 full-time employees initially employed before January 1, 2006,
65 except as otherwise provided in this section. The state shall not
66 share in the cost of the health insurance plan for active county
67 or municipal employees, including elected officials. For active
68 full-time employees initially employed on or after January 1,
69 2006, the state shall provide one hundred percent (100%) of the
70 cost of a basic level of health insurance, except as otherwise
71 provided in this section, and the employees may pay additional
72 amounts to purchase additional benefits or levels of coverage
73 offered under the plan. The board, if determined to be necessary,



74 may assess active full-time employees a portion of the active
75 employee premium in an amount not to exceed Twenty Dollars
76 (\$20.00) per month, notwithstanding any language in this section
77 to the contrary. The state shall not share in the cost of such
78 basic level of health insurance for active county or municipal
79 employees, including elected officials. All active full-time
80 employees shall be given the opportunity to purchase coverage for
81 their eligible dependents with the premiums for such dependent
82 coverage, as well as the employee's fifty percent (50%) share for
83 his life insurance coverage, to be deductible from the employee's
84 salary by the agency, department or institution head, which
85 deductions, together with the fifty percent (50%) share of such
86 life insurance premiums of such employing agency, department or
87 institution head from funds appropriated to or authorized to be
88 expended by the employing agency, department or institution head,
89 shall be deposited directly into a depository bank or special fund
90 in the State Treasury, as determined by the board. These funds
91 and interest earned on these funds may be used for the
92 disbursement of claims and shall be exempt from the appropriation
93 process.

94 (2) The state shall provide annually, by line item in the
95 Mississippi Library Commission appropriation bill, such funds to
96 pay one hundred percent (100%) of the cost of health insurance
97 under the State and School Employees Health Insurance Plan, or any
98 lesser percentage of the cost that is not assessed to the



99 employees by the board, for full-time library staff members in
100 each public library in Mississippi initially employed before
101 January 1, 2006. For full-time library staff members initially
102 employed on or after January 1, 2006, the state shall provide one
103 hundred percent (100%) of the cost of a basic level of health
104 insurance under the State and School Employees Health Insurance
105 Plan, or any lesser percentage of the cost that is not assessed to
106 the employees by the board, and the employees may pay additional
107 amounts to purchase additional benefits or levels of coverage
108 offered under the plan. The commission shall allot to each public
109 library a sufficient amount of those funds appropriated to pay the
110 costs of insurance for eligible employees. Any funds so
111 appropriated by line item which are not expended during the fiscal
112 year for which such funds were appropriated shall be carried
113 forward for the same purposes during the next succeeding fiscal
114 year. If any premiums for the health insurance and/or late
115 charges and interest penalties are not paid by a public library in
116 a timely manner, as defined by the board, the Mississippi Library
117 Commission, upon notice by the board, shall immediately withhold
118 all subsequent disbursements of funds to that public library.

119 (3) The state shall annually provide one hundred percent
120 (100%) of the cost of the health insurance plan, or any lesser
121 percentage of the cost that is not assessed to the employees by
122 the board, for public school district employees who work no less
123 than twenty (20) hours during each week and regular nonstudent



124 school bus drivers, if such employees and school bus drivers were
125 initially employed before January 1, 2006. For such employees and
126 school bus drivers initially employed on or after January 1, 2006,
127 the state shall provide one hundred percent (100%) of the cost of
128 a basic level of health insurance under the State and School
129 Employees Health Insurance Plan, or any lesser percentage of the
130 cost that is not assessed to the employees by the board, and the
131 employees may pay additional amounts to purchase additional
132 benefits or levels of coverage offered under the plan. Where
133 federal funding is allowable to defray, in full or in part, the
134 cost of participation in the program by district employees who
135 work no less than twenty (20) hours during the week and regular
136 nonstudent bus drivers, whose salaries are paid, in full or in
137 part, by federal funds, the allowance under this section shall be
138 reduced to the extent of such federal funding. Where the use of
139 federal funds is allowable but not available, it is the intent of
140 the Legislature that school districts contribute the cost of
141 participation for such employees from local funds, except that
142 parent fees for child nutrition programs shall not be increased to
143 cover such cost.

144 (4) The state shall provide annually, by line item in the
145 community/junior college appropriation bill, such funds to pay one
146 hundred percent (100%) of the cost of the health insurance plan,
147 or any lesser percentage of the cost that is not assessed to the
148 employees by the board, for community/junior college district



149 employees initially employed before January 1, 2006, who work no
150 less than twenty (20) hours during each week. For such employees
151 initially employed on or after January 1, 2006, the state shall
152 provide one hundred percent (100%) of the cost of a basic level of
153 health insurance under the State and School Employees Health
154 Insurance Plan, or any lesser percentage of the cost that is not
155 assessed to the employees by the board, and the employees may pay
156 additional amounts to purchase additional benefits or levels of
157 coverage offered under the plan.

158 (5) When the use of federal funding is allowable to defray,
159 in full or in part, the cost of participation in the insurance
160 plan by community/junior college district employees who work no
161 less than twenty (20) hours during each week, whose salaries are
162 paid, in full or in part, by federal funds, the allowance under
163 this section shall be reduced to the extent of the federal
164 funding. Where the use of federal funds is allowable but not
165 available, it is the intent of the Legislature that
166 community/junior college districts contribute the cost of
167 participation for such employees from local funds.

168 (6) Any community/junior college district may contribute to
169 the cost of coverage for any district employee from local
170 community/junior college district funds, and any public school
171 district may contribute to the cost of coverage for any district
172 employee from nonminimum program funds. Any part of the cost of
173 such coverage for participating employees of public school



174 districts and public community/junior college districts that is
175 not paid by the state shall be paid by the participating
176 employees, which shall be deducted from the salaries of the
177 employees in a manner determined by the board.

178 (7) Any funds appropriated for the cost of insurance by line
179 item in the community/junior colleges appropriation bill which are
180 not expended during the fiscal year for which such funds were
181 appropriated shall be carried forward for the same purposes during
182 the next succeeding fiscal year.

183 (8) For any active county or municipal employee, including
184 elected officials, the county or municipality employing such
185 person shall contribute to the cost of coverage for such employee
186 an amount equal to that paid by the county or municipality, as
187 appropriate, to cover the cost of coverage for employees of the
188 county or municipality covered under Sections 25-15-101 through
189 25-15-105. Any part of the cost of coverage that is not paid by
190 the county or municipality shall be paid by the participating
191 employee.

192 (* * *9) The board may establish and enforce late charges
193 and interest penalties or other penalties for the purpose of
194 requiring the prompt payment of all premiums for life and health
195 insurance permitted under this chapter. All funds in excess of
196 the amount needed for disbursement of claims shall be deposited in
197 a special fund in the State Treasury to be known as the State and
198 School Employees Insurance Fund. The State Treasurer shall invest



199 all funds in the State and School Employees Insurance Fund and all
200 interest earned shall be credited to the State and School
201 Employees Insurance Fund. Such funds shall be placed with one or
202 more depositories of the state and invested on the first day such
203 funds are available for investment in certificates of deposit,
204 repurchase agreements or in United States Treasury bills or as
205 otherwise authorized by law for the investment of Public
206 Employees' Retirement System funds, as long as such investment is
207 made from competitive offering and at the highest and best market
208 rate obtainable consistent with any available investment
209 alternatives; however, such investments shall not be made in
210 shares of stock, common or preferred, or in any other investments
211 which would mature more than one (1) year from the date of
212 investment. The board shall have the authority to draw from this
213 fund periodically such funds as are necessary to operate the
214 self-insurance plan or to pay to the insurance carrier the cost of
215 operation of this plan, it being the purpose to limit the amount
216 of participation by the state to fifty percent (50%) of the cost
217 of the life insurance program and not to limit the contracting for
218 additional benefits where the cost will be paid in full by the
219 employee. The state shall not share in the cost of coverage for
220 retired employees.

221 (* * *10) The board shall also provide for the creation of
222 an Insurance Reserve Fund and funds therein shall be invested by



223 the State Treasurer with all interest earned credited to the State
224 and School Employees Insurance Fund.

225 (* * *11) Any retired employee electing to purchase retired
226 life and health insurance will have the full cost of such
227 insurance deducted monthly from his State of Mississippi
228 retirement plan check or direct billed for the cost of the premium
229 if the retirement check is insufficient to pay for the premium.
230 If the board determines actuarially that the premium paid by the
231 participating retirees adversely affects the overall cost of the
232 plan to the state, then the board may impose a premium surcharge,
233 not to exceed fifteen percent (15%), upon such participating
234 retired employees who are under the age for Medicare eligibility
235 and who were initially employed before January 1, 2006. For
236 participating retired employees who are under the age for Medicare
237 eligibility and who were initially employed on or after January 1,
238 2006, the board may impose a premium surcharge in an amount the
239 board determines actuarially to cover the full cost of insurance.

240 (* * *12) The board may not impose a premium surcharge or
241 any other premium differential upon any class of participant of
242 the plan based on the use or nonuse of tobacco-related products.

243 (* * *13) This section shall stand repealed on July 1,
244 * * * 2021.

245 **SECTION 3.** Section 25-15-101, Mississippi Code of 1972, is
246 amended as follows:



247 25-15-101. The governing board of any county, municipality,
248 municipal separate school district, other school district or
249 community/junior college district, and the governing board or head
250 of any institution, department or agency of any county or
251 municipality may negotiate for and secure for all or specified
252 groups of employees and their dependents of such county or
253 municipality, or institution, department or agency of such county
254 or municipality, or municipal separate school district, other
255 school district or community/junior college district, a policy or
256 policies of group insurance covering the life, except as
257 hereinafter provided, salary protection, health, accident and
258 hospitalization, as well as a group contract or contracts covering
259 hospital and/or medical and/or surgical services or benefits
260 (including surgical costs, so-called "hospital extras," medical
261 expenses, allied coverages and major medical costs) of such of its
262 employees and their dependents as may desire such insurance and
263 other coverage under such service or benefit contracts, and who
264 shall authorize in writing the deduction from the salary or wages
265 of such employees of the proportionate part of the costs thereof
266 attributable to such employees. However, beginning with the
267 1984-1985 school year, school districts shall provide the policies
268 of group insurance to certificated personnel. Any employee who
269 desires to reallocate or reduce any part of his or her salary or
270 wages for a cafeteria fringe benefit plan in accordance with
271 current requirements of Section 125 et seq. of the Internal



272 Revenue Code for himself or herself and/or for his or her
273 dependent(s) shall authorize, in writing, the deduction from the
274 salary or wages of such employee the proportionate part of the
275 costs thereof attributable to such employee. Any amount so
276 deducted shall be transferred into the general fund or contingent
277 fund of such county or municipality, or the operating fund of such
278 institution, department or agency of the county or municipality,
279 or the maintenance fund of such municipal separate school
280 district, other school district or community/junior college
281 district, as the case may be, and shall be supplemented by funds
282 from the general fund, contingent fund, maintenance fund or
283 operating fund, as the case may be, in an amount to be determined
284 by the governing board or head of such political subdivision,
285 school district, community/junior college district, institution,
286 department or agency, in their discretion, in order to pay the
287 full costs. In no instances shall the amount of contributions by
288 any governing board or head of a political subdivision, school
289 district, community/junior college district, institution,
290 department or agency hereinabove mentioned exceed an average of
291 one hundred percent (100%) of the cost of all such group coverages
292 for employees.

293 The governing board or head of such political subdivision,
294 school district, community/junior college district, institution,
295 department or agency is authorized to pay such full costs direct
296 to the insurance company and to the hospital and/or medical and/or



297 surgical service association from the general fund, contingent
298 fund, or the maintenance fund of such county or municipality, or
299 the operating fund of such institution, department, or agency of
300 the county or municipality, or the maintenance fund of such
301 municipal separate school district, other school district or
302 community/junior college district, as the case may be, and to do
303 all acts necessary and proper for the purpose of carrying out the
304 provisions of Sections 25-15-101 and 25-15-103 and of effectuating
305 the purposes hereof. For any active county or municipal employee,
306 including elected officials, and participating in the health
307 insurance program of the State and School Employees Life and
308 Health Insurance Plan, the governing board of a county or
309 municipality employing such a person is authorized to pay to the
310 state an amount equal to the cost that the county or municipality
311 would pay for the coverage for such an employee covered under
312 Sections 25-15-101 through 25-15-105. The rates for any and all
313 costs covered by the sections shall be in keeping with promulgated
314 schedules, and the rates for such costs shall be approved by the
315 Insurance Commissioner of the State of Mississippi. This section
316 shall not be construed to prevent changes in rates based on
317 experience, nor the granting of dividends or rate reductions or
318 credits.

319 The governing board or head of any political subdivision or
320 other entity set forth in this section may elect to become a
321 self-insurer with respect to all or any portion of group life,



322 salary protection, health, accident and hospitalization benefits
323 on terms and conditions deemed advisable, in its discretion. The
324 administration and service of any such self-insurance program
325 shall be contracted to a third party approved by the Commissioner
326 of Insurance and benefits provided in excess of the self-insurance
327 plan shall be covered by a policy or policies of group insurance
328 or a group contract or contracts issued by a company licensed to
329 do business in this state.

330 The governing board of any political subdivision or other
331 entity set forth in this section may join with any one or more
332 other such political subdivision or entity to pool the risks
333 authorized to be insured or self-insured under this section or to
334 act as a self-insurer, or to contract for a policy or policies of
335 insurance, or to contract with a third-party administrator for a
336 self-insurance plan.

337 Any political subdivision or other entity that provides any
338 plan of group insurance or other coverage under this section does
339 not waive, but expressly reserves, its sovereign immunity under
340 the laws of the State of Mississippi; and all plans and agreements
341 executed by political subdivisions and other entities providing
342 insurance or other coverage under this section shall contain a
343 provision expressly limiting liability for the payment of all
344 benefits for single or multiple claims to the extent of the
345 insurance carried or to the extent of funds available under the
346 self-insurance fund.



347 Nothing in Sections 25-15-101 and 25-15-103 shall be
348 construed to apply to agencies financed entirely by federally
349 granted administrative funds.

350 Any governing board or head of any political subdivision or
351 other entity that provides any plan of group insurance or other
352 coverage under this section, and any person with whom such
353 governing board, head of a political subdivision or other entity
354 contracts in the performance of any duty or authority prescribed
355 under this section, shall be liable civilly for the loss or
356 misappropriation of any public funds resulting from their failure
357 to comply with any provision of this section, such funds to be
358 recovered in the manner provided under Section 7-7-211.

359 **SECTION 4.** This act shall take effect and be in force from
360 and after July 1, 2018.

