

By: Representatives Wallace, Watson, Evans,
Straughter, Thornton

To: Insurance;
Appropriations

HOUSE BILL NO. 1096

1 AN ACT TO AMEND SECTION 25-15-14, MISSISSIPPI CODE OF 1972,
2 TO PROVIDE THAT CERTAIN ELECTED STATE AND STATE DISTRICT OFFICIALS
3 WHO LEAVE OFFICE BECAUSE OF DISABILITY MAY CONTINUE TO PARTICIPATE
4 IN THE STATE EMPLOYEES LIFE AND HEALTH INSURANCE PLAN; TO PROVIDE
5 THAT THE HEALTH INSURANCE PREMIUMS FOR THOSE OFFICIALS SHALL BE AT
6 THE SAME RATE AS FOR ACTIVE EMPLOYEES, AND THAT THE FULL AMOUNT OF
7 THE PREMIUMS SHALL BE PAID BY THE OFFICIALS; TO PROVIDE THAT THOSE
8 OFFICIALS MAY CONTINUE LIFE INSURANCE COVERAGE AT THE SAME AMOUNT
9 OF BENEFITS THAT THEY HAD AT THE TIME OF LEAVING OFFICE; TO
10 PROVIDE THAT THE LIFE INSURANCE PREMIUMS FOR THOSE OFFICIALS SHALL
11 BE AT THE SAME RATE AS FOR ACTIVE EMPLOYEES, EXCEPT THAT THE FULL
12 AMOUNT OF THE PREMIUMS SHALL BE PAID BY THE OFFICIALS; TO AMEND
13 SECTIONS 25-15-3, 25-15-9 AND 25-15-15, MISSISSIPPI CODE OF 1972,
14 IN CONFORMITY TO THE PRECEDING PROVISIONS; AND FOR RELATED
15 PURPOSES.

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

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

19 25-15-14. (1) Any elected state or district official who
20 does not run for reelection or who is defeated before being
21 entitled to receive a retirement allowance shall be eligible to
22 continue to participate in the state employees health insurance
23 plan under the same conditions and coverages for retired
24 employees.

25 (2) (a) Any elected state or state district official who:

26 (i) Is participating in the plan;

27 (ii) Has served in the state or state district
28 office for at least one (1) year;

29 (iii) Retires, resigns from or otherwise leaves
30 office because of an illness or injury that incapacitates the
31 official for the further performance of duty; and

32 (iv) Is certified as disabled by the medical board
33 of the Public Employees' Retirement System or determined to be

34 disabled by the Social Security Administration, may continue to
35 participate in the plan after leaving office, subject to the
36 provisions of this subsection.

37 (b) In order for an official to be eligible under this
38 subsection, his participation in the plan must be continuous. If
39 an official terminates participation or there is a break in
40 participation at any time, the official is no longer eligible to
41 participate in the plan.

42 (c) The health insurance premiums for an official
43 eligible under this subsection shall be at the same rate as for
44 active employees, and the full amount of the premiums shall be
45 paid by the official. An eligible official also may purchase
46 health insurance coverage for dependents in the same manner and at
47 the same rate as for active employees. If an eligible official
48 had life insurance coverage at the time of leaving office, the
49 official may continue the life insurance coverage at the same
50 amount of benefits that he had at the time of leaving office, but
51 may not increase the amount of benefits after leaving office. The
52 life insurance premiums for an official eligible under this
53 subsection shall be at the same rate as for active employees,
54 except that the full amount of the premiums shall be paid by the
55 official; the state shall not share in the cost of life insurance
56 premiums for those officials.

57 (d) Officials who continue participation in the plan
58 after leaving office under the provisions of this subsection shall
59 be considered to be retirees or retired employees for the purposes
60 of this article. However, the provisions of this subsection shall
61 control over any provision of this article regarding retirees or
62 retired employees that conflicts with this subsection, in its
63 applicability to officials eligible under this subsection.

64 SECTION 2. Section 25-15-3, Mississippi Code of 1972, is
65 amended as follows:

66 25-15-3. For the purposes of this article, the words and
67 phrases used herein shall have the following meanings:

68 (a) "Employee" means any person who works full time for
69 the State of Mississippi and receives his compensation in a direct
70 payment from a department, agency or institution of the state
71 government. This term includes legislators, employees of the
72 legislative branch and the judicial branch of the state, * * *
73 full-time salaried judges and full-time district attorneys and
74 their staff and full-time compulsory school attendance officers.
75 For the purposes of this article, any "employee" making
76 contributions to the Public Employees' Retirement System or the
77 Highway Safety Patrol Retirement System shall be considered a
78 full-time employee.

79 (b) "Department" means the Department of Finance and
80 Administration.

81 (c) "Plan" means the State Employees Life and Health
82 Insurance Plan created under this article.

83 (d) "Fund" means the State Employees Insurance Fund set
84 up under this article.

85 (e) "Retiree" or "retired employee" means any person
86 who is retired under the Public Employees' Retirement System or
87 the Highway Safety Patrol Retirement System. The term also
88 includes former elected state and state district officials who
89 continue participation in the plan under Section 25-15-14(2).

90 SECTION 3. Section 25-15-9, Mississippi Code of 1972, is
91 amended as follows:

92 25-15-9. (1) (a) The department shall design a plan of
93 health insurance for state employees which provides benefits for
94 semiprivate rooms in addition to other incidental coverages which
95 the department deems necessary. The amount of the coverages shall
96 be in such reasonable amount as may be determined by the
97 department to be adequate, after due consideration of current
98 health costs in Mississippi. The plan shall also include major
99 medical benefits in such amounts as the department * * *
100 determines. The department is also authorized to accept bids for
101 such alternate coverage and optional benefits as the department

102 * * * deems proper. The department may employ or contract for
103 such consulting or actuarial services as may be necessary to
104 formulate the * * * plan, and to assist the department in the
105 preparation of specifications and in the process of advertising
106 for the bids for the plan. The department is authorized to
107 promulgate rules and regulations to implement the provisions of
108 this subsection.

109 The department shall develop plans for the insurance plan
110 authorized by this section in accordance with the provisions of
111 Section 25-15-5.

112 (b) There is created the State Employees Insurance
113 Advisory Council to advise the department in the formulation of
114 the * * * plan. The council shall be composed of the State
115 Insurance Commissioner or his designee, an employee-representative
116 of the institutions of higher learning appointed by the board of
117 trustees thereof, an employee-representative of the Department of
118 Transportation appointed by the director thereof, an
119 employee-representative of the State Tax Commission appointed by
120 the Commissioner of Revenue, an employee-representative of the
121 Mississippi Department of Health appointed by the State Health
122 Officer, an employee-representative of the Mississippi Department
123 of Corrections appointed by the Commissioner of Corrections, and
124 an employee-representative of the Department of Human Services
125 appointed by the Executive Director of Human Services.

126 The Lieutenant Governor may designate the Secretary of the
127 Senate, the Chairman of the Senate Appropriations Committee and
128 the Chairman of the Senate Insurance Committee, and the Speaker of
129 the House of Representatives may designate the Clerk of the House,
130 the Chairman of the House Appropriations Committee and the
131 Chairman of the House Insurance Committee, to attend any meeting
132 of the * * * council. The appointing authorities may designate an
133 alternate member from their respective houses to serve when the
134 regular designee is unable to attend such meetings of the council.

135 Such designees shall have no jurisdiction or vote on any matter

136 within the jurisdiction of the council. For attending meetings of
137 the council, such legislators shall receive per diem and expenses
138 which shall be paid from the contingent expense funds of their
139 respective houses in the same amounts as provided for committee
140 meetings when the Legislature is not in session; however, no per
141 diem and expenses for attending meetings of the council will be
142 paid while the Legislature is in session. No per diem and
143 expenses will be paid except for attending meetings of the council
144 without prior approval of the proper committee in their respective
145 houses.

146 (c) No change in the terms of the * * * plan may be
147 made effective unless the Executive Director of the Department of
148 Finance and Administration, or his designee, has provided notice
149 to the * * * council and has called a meeting of the council at
150 least fifteen (15) days before the effective date of such change.

151 In the event that the * * * council does not meet to advise the
152 department on the proposed changes, the changes to the plan shall
153 become effective at such time as the department has informed the
154 council that the changes shall become effective.

155 (d) **Medical benefits for retired employees and**
156 **dependents under age sixty-five (65) years.** The same health
157 insurance coverage as for all other active employees and their
158 dependents shall be available to retired employees and all
159 dependents under age sixty-five (65) years, the level of benefits
160 to be the same level as for all other active participants. This
161 section will apply to those employees who retire due to one
162 hundred percent (100%) medical disability as well as those
163 employees electing early retirement.

164 (e) **Medical benefits for retired employees over age**
165 **sixty-five (65) years.** The health insurance coverage available to
166 retired employees over age sixty-five (65) years, and all
167 dependents over age sixty-five (65) years, shall be the major
168 medical coverage with the lifetime maximum of One Million Dollars
169 (\$1,000,000.00). Benefits shall be reduced by Medicare benefits

170 as though such Medicare benefits were the base plan.

171 All covered individuals shall be assumed to have full
172 Medicare coverage, Parts A and B; and any Medicare payments under
173 both Parts A and B shall be computed to reduce benefits payable
174 under this plan.

175 (2) Nonduplication of benefits--reduction of benefits by
176 Title XIX benefits: When benefits would be payable under more
177 than one (1) group plan, benefits under those plans will be
178 coordinated to the extent that the total benefits under all plans
179 will not exceed the total expenses incurred.

180 Benefits for hospital or surgical or medical benefits shall
181 be reduced by any similar benefits payable in accordance with
182 Title XIX of the Social Security Act or under any amendments
183 thereto, or any implementing legislation.

184 Benefits for hospital or surgical or medical benefits shall
185 be reduced by any similar benefits payable by workers'
186 compensation. (3) Schedule of life insurance

187 benefits--group term: The amount of term life insurance for each
188 active employee shall not be in excess of One Hundred Thousand
189 Dollars (\$100,000.00), or twice the amount of the employee's
190 annual wage to the next highest One Thousand Dollars (\$1,000.00),
191 whichever may be less, but in no case less than Thirty Thousand
192 Dollars (\$30,000.00), with a like amount for accidental death and
193 dismemberment on a twenty-four-hour basis. The plan will further
194 contain a premium waiver provision if a covered employee becomes
195 totally and permanently disabled prior to age sixty-five (65)
196 years. Retired employees shall be eligible to continue life
197 insurance coverage in an amount of Two Thousand Dollars
198 (\$2,000.00), Four Thousand Dollars (\$4,000.00) or Ten Thousand
199 Dollars (\$10,000.00) into retirement. The limitations on amounts
200 of life insurance coverage in the preceding sentence shall not be
201 applicable to former elected state and state district officials
202 who continue participation in the plan under Section 25-15-14(2).

203 The Department of Finance and Administration shall prepare a

204 report to the Legislative Budget Office on or before October 1,
205 1995, recommending any changes to the maximum group life coverages
206 applicable to retired employees prescribed herein, and providing
207 options as to any expected additional costs associated with
208 increasing such benefits.

209 (4) Any eligible employee who on March 1, 1971, was
210 participating in a group life insurance program which has
211 provisions different from those included herein and for which the
212 State of Mississippi was paying a part of the premium may, at his
213 discretion, continue to participate in such plan. Such employee
214 shall pay in full all additional costs, if any, above the minimum
215 program established by this article. Under no circumstances shall
216 any individual who begins employment with the state after March 1,
217 1971, be eligible for the provisions of this paragraph.

218 (5) Any participant of the State Employees Health Insurance
219 Plan who otherwise would lose coverage and who would be eligible
220 as a dependent under an existing Public School Employees Health
221 Insurance Plan contract may transfer to the Public School
222 Employees Health Insurance Plan as a dependent under the existing
223 contract. Any participant of the Public School Employees Health
224 Insurance Plan who otherwise would lose coverage and who would be
225 eligible as a dependent under an existing State Employees Health
226 Insurance Plan contract may transfer to the State Employees Health
227 Insurance Plan as a dependent under the existing contract. A
228 transfer pursuant to this subsection must occur within thirty-one
229 (31) days of losing coverage. Credit shall be given for any
230 deductible amount satisfied, out-of-pocket expenses and time
231 served toward the twelve-month pre-existing waiting period.

232 (6) If both spouses are eligible employees who participate
233 in the plan, the benefits shall apply individually to each spouse
234 by virtue of his or her participation in the plan. If those
235 spouses also have one or more eligible dependents participating in
236 the plan, the cost of their dependents shall be calculated at a
237 special family plan rate. The cost for participation by the

238 dependents shall be paid by the spouse who elects to carry such
239 dependents under his or her coverage. The special family plan
240 rate shall also apply if the state employee's spouse is a covered
241 eligible employee under the Public School Employees Health
242 Insurance Plan.

243 (7) (a) The department may offer medical savings accounts
244 as defined in Section 71-9-3 as a plan option. * * * However,
245 before offering such accounts as a plan option, the Department of
246 Finance and Administration shall prepare and present to the Senate
247 and House Insurance Committees by December 15, 1996, a
248 comprehensive study of medical savings accounts to include a
249 proposed implementation timetable and potential actuarial effects
250 of such accounts on the existing * * * plan. The department's
251 study shall also include, but not be limited to, recommended
252 employer contribution levels, recommended employee contribution
253 levels, recommendations on annual rollover of balances or
254 withdrawals for nonmedical purposes, and recommendations on
255 medical coverage for persons who expend their account balances.
256 The department shall use existing staff resources and those of
257 other agencies to conduct this study. In no case shall the
258 department employ a consultant or contractor other than an actuary
259 to conduct this study. No later than July 15, 1996, the
260 Department of Finance and Administration shall meet with the staff
261 of the PEER Committee and the Legislative Budget Office to receive
262 recommendations on the issues and methods which the department
263 shall consider in preparing its report. No later than October 15,
264 1996, the Department of Finance and Administration shall submit a
265 copy of its draft report to the PEER Committee and the Legislative
266 Budget Office which shall analyze the report and prepare comments
267 for publication in the final report to be submitted to the House
268 and Senate Insurance Committees on December 15, 1996.

269 (b) In no case shall the department offer medical
270 savings accounts as an option to health plan participants prior to
271 January 1, 1998.

272 (8) Any premium differentials, differences in coverages,
273 discounts determined by risk or by any other factors shall be
274 uniformly applied to all active employees participating in the
275 insurance plan. It is the intent of the Legislature that the
276 state contribution to the plan be the same for each employee
277 throughout the state.

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

280 25-15-15. * * * The state shall provide fifty percent (50%)
281 of the cost of the above life insurance plan and one hundred
282 percent (100%) of the cost of the above health insurance plan for
283 all active full-time employees. All such employees shall be given
284 the opportunity to purchase coverage for their eligible
285 dependents, with the premiums for such dependent coverage and the
286 employee's * * * share of the premiums for his life insurance
287 coverage to be deductible from the employee's salary by the
288 employing agency, department or institution * * * , which
289 deductions, together with the * * * share of * * * life insurance
290 premiums of such employing agency, department or institution * * *
291 from funds appropriated to or authorized to be expended by such
292 employing agency, department or institution, * * * shall be
293 deposited directly into a depository bank or special fund in the
294 State Treasury, as determined by the department. These funds and
295 interest earned on these funds may be used for the disbursement of
296 claims and shall be exempt from the appropriation process.

297 The department * * * may establish and enforce late charges
298 and interest penalties or other penalties for the purpose of
299 requiring the prompt payment of all premiums for life and health
300 insurance permitted under this article. All funds in excess of
301 the amount needed for disbursement of claims shall be deposited in
302 a special fund in the State Treasury to be known as the State
303 Employees Insurance Fund. The State Treasurer shall invest all
304 funds in the State Employees Insurance Fund and all interest
305 earned shall be credited to the State Employees Insurance Fund.

306 Such funds shall be placed with one or more depositories of the
307 state and invested on the first day such funds are available for
308 investment in certificates of deposit, repurchase agreements or in
309 United States Treasury bills or as otherwise authorized by law for
310 the investment of Public Employees' Retirement System funds, as
311 long as such investment is made from competitive offering and at
312 the highest and best market rate obtainable consistent with any
313 available investment alternatives; however, such investments shall
314 not be made in shares of stock, common or preferred, or in any
315 other investments which would mature more than one (1) year from
316 the date of investment. The department shall have the authority
317 to draw from this fund periodically such funds as are necessary to
318 operate the self-insurance plan or to pay to the insurance carrier
319 the cost of operation of this plan, it being the purpose to limit
320 the amount of participation by the state to fifty percent (50%) of
321 the cost of the life insurance program and not to limit the
322 contracting for additional benefits where the cost will be paid in
323 full by the employee. The state shall not share in the cost of
324 coverage for retired employees, including those former elected
325 state and state district officials who continue participation in
326 the plan under Section 25-15-14(2).

327 The department shall also provide for the creation of an
328 Insurance Reserve Fund and funds therein shall be invested by the
329 State Treasurer with all interest earned credited to the State
330 Employees Insurance Fund.

331 Any retired employee electing to purchase retired life and
332 health insurance shall have the full cost of such insurance
333 deducted monthly from his State of Mississippi retirement plan
334 check or shall be directly billed for the cost of the premiums.

335 SECTION 5. This act shall take effect and be in force from
336 and after July 1, 1999.