

By: Representatives Stringer, Stevens

To: Insurance;  
Appropriations

## HOUSE BILL NO. 1137

1 AN ACT TO CREATE NEW SECTION 25-11-143, MISSISSIPPI CODE OF  
 2 1972, TO REQUIRE THE BOARD OF TRUSTEES OF THE PUBLIC EMPLOYEES'  
 3 RETIREMENT SYSTEM TO DESIGN A PLAN OF HEALTH INSURANCE FOR ALL  
 4 CURRENT AND FUTURE RETIREES; TO PROVIDE THAT THE PLAN SHALL  
 5 INITIALLY HAVE BENEFITS EQUIVALENT TO THOSE IN THE STATE AND  
 6 SCHOOL EMPLOYEES HEALTH INSURANCE PLAN; TO PROVIDE THAT THE BOARD  
 7 MAY MODIFY THE PLAN AS NECESSARY TO MEET THE NEEDS OF THE MEMBERS  
 8 OF THE PLAN AND TO MAINTAIN THE FISCAL SOUNDNESS OF THE PLAN; TO  
 9 PROVIDE THAT THE BOARD MAY OFFER AN OPTIONAL PLAN TO RETIREES WHO  
 10 ARE ELIGIBLE FOR MEDICARE; TO PROVIDE FOR THE TREATMENT OF  
 11 RETIREES WHO DECLINE COVERAGE UNDER THE PLAN OR WHO ELECT  
 12 CONTINUING COVERAGE UNDER COBRA; TO PROVIDE THAT THE BOARD OF  
 13 TRUSTEES SHALL SUBSIDIZE A PORTION OF THE COST OF PROVIDING THE  
 14 HEALTH INSURANCE PLAN TO RETIREES; TO PROVIDE FOR THE AMOUNT OF  
 15 SUBSIDY; TO PROVIDE THAT EACH EMPLOYER SHALL PAY MONTHLY AN AMOUNT  
 16 EQUAL TO 2.19% OF THE TOTAL PAYROLL OF THE EMPLOYER THAT IS  
 17 ATTRIBUTABLE TO CONTRIBUTING MEMBERS OF THE PUBLIC EMPLOYEES'  
 18 RETIREMENT SYSTEM; TO PROVIDE THAT A CERTAIN AMOUNT OF THE  
 19 PAYMENTS RECEIVED BY THE BOARD OF TRUSTEES SHALL BE HELD IN A FUND  
 20 AND UTILIZED BY THE BOARD TO SUBSIDIZE THE HEALTH INSURANCE PLAN  
 21 REQUIRED TO BE ESTABLISHED BY THIS ACT; TO GRANT THE BOARD OF  
 22 TRUSTEES CERTAIN POWERS AND DUTIES IN REGARD TO THE PLAN; TO  
 23 CREATE A NEW SECTION TO BE CODIFIED AS SECTION 25-11-145,  
 24 MISSISSIPPI CODE OF 1972, TO PROVIDE THE MANNER IN WHICH THE FUNDS  
 25 RECEIVED BY THE INSURANCE PROGRAM ESTABLISHED IN SECTION  
 26 25-11-143, MISSISSIPPI CODE OF 1972, MAY BE INVESTED; TO AMEND  
 27 SECTIONS 25-15-3, 25-15-9, 25-15-11, 25-15-15 AND 25-15-103,  
 28 MISSISSIPPI CODE OF 1972, TO REMOVE PROVISIONS THAT AUTHORIZE  
 29 RETIREES TO BE INCLUDED IN THE STATE AND SCHOOL EMPLOYEES LIFE AND  
 30 HEALTH INSURANCE PLAN; TO AMEND SECTION 25-15-14, MISSISSIPPI CODE  
 31 OF 1972 TO PROVIDE THAT ELECTED STATE AND DISTRICT OFFICIALS  
 32 ELIGIBLE FOR GROUP HEALTH INSURANCE AFTER LEAVING OFFICE WILL  
 33 CONTINUE TO PARTICIPATE IN THE STATE AND SCHOOL EMPLOYEES HEALTH  
 34 INSURANCE PLAN AND NOT IN THE NEW PLAN FOR RETIREES; TO AMEND  
 35 SECTION 25-11-141, MISSISSIPPI CODE OF 1972, IN CONFORMITY TO THE  
 36 PROVISIONS OF THIS ACT; AND FOR RELATED PURPOSES.

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

38 SECTION 1. The following provision shall be codified as  
 39 Section 25-11-143, Mississippi Code of 1972:

40 25-11-143. (1) As used in this act, the term "retiree"  
 41 means any person receiving a service or disability retirement

42 benefit from any system administered by the board; however, in the  
43 case of persons participating in the optional retirement plan  
44 established in Section 25-11-401 et seq., the term "retiree"  
45 includes only those persons who would be entitled to receive a  
46 retirement allowance under the provisions of Section 25-11-111 if  
47 they were not members of the optional retirement plan.

48 (2) The board shall design a plan of health insurance for  
49 all current and future retirees that shall take effect from and  
50 after January 1, 2003. The plan may include coverage for the  
51 spouse, surviving beneficiary and dependent children of retirees  
52 and other such sponsored dependents as the board considers  
53 appropriate; however, the subsidy provided for in this section  
54 shall apply only to the cost of providing coverage to retirees.  
55 Initially, the plan shall have benefits equivalent to those in the  
56 State and School Employees Health Insurance Plan established in  
57 Section 25-15-9; however, the board may modify the plan as  
58 necessary to meet the needs of the members of the plan and to  
59 maintain the fiscal soundness of the plan. The board may offer an  
60 optional plan to retirees who are eligible for Medicare and any  
61 additional cost of that plan shall be paid by the retiree electing  
62 that optional coverage.

63 (3) (a) Retirees may decline coverage in the plan  
64 established by this section, but they may later be included in the  
65 plan if they apply for coverage during any open enrollment periods  
66 that may be established by the board and can show, by evidence  
67 considered sufficient to the board, that they were covered by  
68 health insurance during the period of time that they were not  
69 covered by the plan established by this section. The board may  
70 adjust the amount of the subsidy for those persons and may limit  
71 the number of times retirees who decline coverage who may be later  
72 included in the plan.

73 (b) The board shall determine the manner in which  
74 persons who elect continuation coverage under the federal

75 Consolidated Omnibus Budget Reconciliation Act of 1987 (COBRA)  
76 shall be treated insofar as their eligibility for coverage under  
77 the plan established under this section and the amount of the  
78 subsidy for those persons.

79 (4) From and after January 1, 2003, the board shall  
80 subsidize a portion of the cost of providing the plan of health  
81 insurance to retirees. The amount of the subsidy provided for  
82 each retiree shall be equal to a percentage of the annual cost of  
83 providing coverage under the plan to the retiree as determined by  
84 the board. Except as otherwise provided in this section, the  
85 percentage amount of the subsidy shall be two percent (2%) for  
86 each year of creditable service less any fronted service for  
87 age-limited disability benefits of the retiree up to a maximum of  
88 sixty percent (60%); however, for retirees who retire and enroll  
89 before they reach the age of sixty (60), the percentage amount of  
90 the subsidy shall be reduced and that reduced percentage shall be  
91 calculated by multiplying the total percentage amount of the  
92 subsidy without reduction by one (1) minus the product of the  
93 number of years under the age of sixty (60) that the retiree was  
94 at enrollment times three percent (3%). The formula for the  
95 calculation of the reduced percentage is:

96 [subsidy percentage without reduction]x[1-(number of years below  
97 60 at enrollment x .03)].

98 Once the percentage amount of the subsidy has been determined  
99 under this subsection, it may not be changed unless the retiree  
100 returns to membership service and earns additional years of  
101 creditable service or elects not to be enrolled in the plan for a  
102 period of time.

103 (5) The amount of the subsidy for each disability retiree  
104 shall be calculated in the same manner as other retirees. For  
105 purposes of determining the amount that a disability retiree must  
106 pay above the subsidy for coverage under the plan, the cost of  
107 coverage for disability retirees shall be deemed to be the average

108 cost of providing coverage for other retirees as determined by the  
109 board.

110 (6) Each retiree participating in the plan shall, by written  
111 authorization, instruct the board to deduct from the retirement  
112 allowance the portion of the premium that is not subsidized. The  
113 amounts so deducted shall be handled by the board in the manner  
114 provided for in subsection (8) of this section.

115 (7) From and after July 1, 2002, each employer shall pay  
116 monthly to the board an amount equal to two and nineteen  
117 one-hundredths percent (2.19%) of the total payroll of the  
118 employer on which retirement contributions are made under  
119 retirement plans administered by the Public Employees' Retirement  
120 System.

121 (8) The board may establish and enforce late charges and  
122 interest penalties or other penalties for the purpose of requiring  
123 the prompt payment of all contributions required under this  
124 section. After appropriation for administration expenses of the  
125 program, all funds received by the board under this section shall  
126 be held in a fund in the custody of the board. All such funds  
127 held by the board shall be utilized for the purpose of subsidizing  
128 the health insurance plan required to be established by this  
129 section and shall be invested as provided in Section 2 of this  
130 act.

131 (9) The board:

132 (a) Shall administer the plan.

133 (b) Shall have the sole authority to promulgate rules  
134 and regulations governing the plan and shall be vested with all  
135 legal authority necessary and proper to perform this function  
136 including, but not limited to, defining the benefits provided by  
137 the plan, requesting and accepting bids for services, establishing  
138 premium rates and receiving premium payments.

139           (c) May enter into contracts with accountants,  
140 actuaries and other persons whose skills are necessary to carry  
141 out the provisions of this section.

142           (d) Is authorized to procure legal services if it deems  
143 these services necessary to carry out its responsibilities under  
144 this section.

145           SECTION 2. This section shall be codified as Section  
146 25-11-145, Mississippi Code of 1972:

147           25-11-145. (1) In managing the funds received for the  
148 insurance program established in Section 25-11-143, the board  
149 shall, from time to time, determine the current requirements for  
150 payments and administrative expense which shall be maintained as a  
151 cash working balance, except that the cash working balance shall  
152 not exceed at any time an amount necessary to meet the current  
153 obligations of the fund for a period of ninety (90) days. Any  
154 amounts in excess of the cash working balance shall be invested,  
155 as follows, at such periodic intervals as the board may determine:

156           (a) Funds may be deposited in federally insured  
157 institutions;

158           (b) Corporate and taxable municipal bonds of investment  
159 grade as rated by Standard and Poor's or by Moody's Investment  
160 Service, with bonds rated BAA/BBB not to exceed five percent (5%)  
161 of the book value of the total fixed income investments, or  
162 corporate short-term obligations of corporations or of  
163 wholly owned subsidiaries of corporations, whose short-term  
164 obligations are rated A-3 or better by Standard and Poor's or  
165 rated P-3 or better by Moody's Investment Service;

166           (c) Bonds of the Tennessee Valley Authority; bonds,  
167 notes, certificates and other valid obligations of the United  
168 States, and other valid obligations of any federal instrumentality  
169 that issues securities under authority of an act of Congress and  
170 are exempt from registration with the Securities and Exchange  
171 Commission; bonds, notes, debentures and other securities issued

172 by any federal instrumentality and fully guaranteed by the United  
173 States;

174 (d) Interest-bearing bonds or notes which are general  
175 obligations of any other state in the United States or of any city  
176 or county therein, provided that such state, city or county has  
177 not defaulted for a period longer than thirty (30) days in the  
178 payment of principal or interest on any of its general obligation  
179 indebtedness during a period of ten (10) calendar years  
180 immediately preceding such investment;

181 (e) Shares of stocks, common and/or preferred, of  
182 corporations created by, or existing under, the laws of the United  
183 States or any state, district or territory thereof; provided:

184 (i) The maximum investments in stocks shall not  
185 exceed fifty percent (50%) of the book value of the total  
186 investment fund;

187 (ii) The stock of such corporation shall be listed  
188 on a national stock exchange, or be traded in the over-the-counter  
189 market;

190 (iii) The outstanding shares of such corporation  
191 shall have a total market value of not less than Fifty Million  
192 Dollars (\$50,000,000.00);

193 (iv) The amount of investment in any one (1)  
194 corporation shall not exceed three percent (3%) of the book value  
195 of the total investment fund; and

196 (v) The shares of any one (1) corporation owned by  
197 the fund shall not exceed five percent (5%) of that corporation's  
198 outstanding stock.

199 (f) Bonds rated Single A or better, stocks and  
200 convertible securities of established non-United States companies,  
201 and in foreign government securities rated Single A or better by a  
202 recognized rating agency; provided that the total book value of  
203 investments under this paragraph shall at no time exceed thirty  
204 percent (30%) of the total book value of the total investment

205 fund. The board may take requisite action to effectuate or hedge  
206 such transactions through foreign or domestic banks, including the  
207 purchase and sale, transfer, exchange, or otherwise disposal of,  
208 and generally deal in foreign exchange through the use of foreign  
209 currency, interbank forward contracts, futures contracts, options  
210 contracts, swaps and other related derivative instruments.

211 (g) Covered call and put options on securities traded  
212 on one or more of the regulated exchanges.

213 (h) Pooled or commingled funds managed by a corporate  
214 trustee or by a Securities and Exchange Commission registered  
215 investment advisory firm retained as an investment manager by the  
216 board of trustees, and shares of investment companies and unit  
217 investment trusts registered under the Investment Company Act of  
218 1940, where such pooled or commingled funds or shares are  
219 comprised of common or preferred stocks, bonds, money market  
220 instruments or other investments authorized under this section.  
221 Such investment in commingled funds or shares shall be held in  
222 trust. Any investment manager approved by the board of trustees  
223 shall invest such commingled funds or shares as a fiduciary.

224 (i) Pooled or commingled real estate funds or real  
225 estate securities managed by a corporate trustee or by a  
226 Securities and Exchange Commission registered investment advisory  
227 firm retained as an investment manager by the board of trustees.  
228 Such investment in commingled funds or shares shall be held in  
229 trust; provided that the total book value of investments under  
230 this paragraph shall at no time exceed five percent (5%) of the  
231 total book value of all investments of the total investment fund.  
232 Any investment manager approved by the board of trustees shall  
233 invest such commingled funds or shares as a fiduciary.

234 (2) All investments shall be acquired at prices not  
235 exceeding the prevailing market values for such securities.

236 (3) Any limitations set forth in this section shall be  
237 applicable only at the time of purchase and shall not require the

238 liquidation of any investment at any time. All investments shall  
239 be clearly marked to indicate ownership by the fund and to the  
240 extent possible shall be registered in the name of the fund.

241 (4) Subject to the above terms, conditions, limitations and  
242 restrictions, the board shall have power to sell, assign, transfer  
243 and dispose of any of the securities and investments of the fund;  
244 provided that the sale, assignment or transfer has the majority  
245 approval of the entire board. The board may employ or contract  
246 with investment managers, evaluation services or other such  
247 services as determined by the board to be necessary for the  
248 effective and efficient operation of the fund.

249 (5) Except as otherwise provided in this section, no trustee  
250 and no employee of the board shall have any direct or indirect  
251 interest in the income, gains or profits of any investment made by  
252 the board, nor shall any such person receive any pay or emolument  
253 for his services in connection with any investment made by the  
254 board. No trustee or employee of the board shall become an  
255 endorser or surety, or in any manner an obligor for money loaned  
256 by or borrowed from the fund.

257 (6) All interest derived from investments and any gains from  
258 the sale or exchange of investments shall be credited by the board  
259 to the account of the fund.

260 (7) The board of trustees shall be the custodian and  
261 fiduciary of the fund.

262 (8) For the purpose of meeting disbursements cash may be  
263 kept available, not exceeding the requirements of the fund for a  
264 period of ninety (90) days, on deposit in one or more banks or  
265 trust companies organized under the laws of the State of  
266 Mississippi or the laws of the United States, provided that the  
267 sum on deposit in any one (1) bank or trust company shall not  
268 exceed thirty-five percent (35%) of the paid-up capital and  
269 regular surplus of such bank or trust company.

270           (9) The board of trustees shall determine the degree of  
271 collateralization necessary for both foreign and domestic demand  
272 deposit accounts in addition to that which is guaranteed by the  
273 Federal Deposit Insurance Corporation or such other federal  
274 insurance program as may be in effect.

275           (10) The board, the executive director and employees shall  
276 discharge their duties with respect to the investments of the  
277 system solely for the interest of the fund with the care, skill,  
278 prudence and diligence under the circumstances then prevailing  
279 that a prudent person acting in a like capacity and familiar with  
280 such matters would use in the conduct of an enterprise of a like  
281 character and with like aims, including diversifying the  
282 investments of the system so as to minimize the risk of large  
283 losses, unless under the circumstances it is clearly prudent not  
284 to do so.

285           (11) Investment management fees and costs shall be paid from  
286 the fund.

287           SECTION 3. Section 25-15-3, Mississippi Code of 1972, is  
288 amended as follows:

289           25-15-3. For the purposes of this article, the words and  
290 phrases used herein shall have the following meanings:

291           (a) "Employee" means a person who works full time for  
292 the State of Mississippi and receives his compensation in a direct  
293 payment from a department, agency or institution of the state  
294 government and any person who works full time for any school  
295 district, community/junior college, public library or  
296 university-based program authorized under Section 37-23-31 for  
297 deaf, aphasic and emotionally disturbed children or any regular  
298 nonstudent bus driver. This shall include legislators, employees  
299 of the legislative branch and the judicial branch of the state and  
300 "employees" shall include full-time salaried judges and full-time  
301 district attorneys and their staff and full-time compulsory school  
302 attendance officers. For the purposes of this article, any

303 "employee" making contributions to the State of Mississippi  
304 retirement plan shall be considered a full-time employee.

305 (b) "Department" means the Department of Finance and  
306 Administration.

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

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

311 \* \* \*

312 (e) "Board" means the State and School Employees Health  
313 Insurance Management Board created under Section 25-15-303.

314 SECTION 4. Section 25-15-9, Mississippi Code of 1972, is  
315 amended as follows:

316 25-15-9. (1) (a) The board shall design a plan of health  
317 insurance for state employees which provides benefits for  
318 semiprivate rooms in addition to other incidental coverages which  
319 the board deems necessary. The amount of the coverages shall be  
320 in such reasonable amount as may be determined by the board to be  
321 adequate, after due consideration of current health costs in  
322 Mississippi. The plan shall also include major medical benefits  
323 in such amounts as the board shall determine. The board is also  
324 authorized to accept bids for such alternate coverage and optional  
325 benefits as the board shall deem proper. Any contract for  
326 alternative coverage and optional benefits shall be awarded by the  
327 board after it has carefully studied and evaluated the bids and  
328 selected the best and most cost-effective bid. The board may  
329 reject all such bids; however, the board shall notify all bidders  
330 of the rejection and shall actively solicit new bids if all bids  
331 are rejected. The board may employ or contract for such  
332 consulting or actuarial services as may be necessary to formulate  
333 the plan, and to assist the board in the preparation of  
334 specifications and in the process of advertising for the bids for  
335 the plan. Such contracts shall be solicited and entered into in

336 accordance with Section 25-15-5. The board shall keep a record of  
337 all persons, agents and corporations who contract with or assist  
338 the board in preparing and developing the plan. The board in a  
339 timely manner shall provide copies of this record to the members  
340 of the advisory council created in this section and those  
341 legislators, or their designees, who may attend meetings of the  
342 advisory council. The board shall provide copies of this record  
343 in the solicitation of bids for the administration or servicing of  
344 the self-insured program. Each person, agent or corporation  
345 which, during the previous fiscal year, has assisted in the  
346 development of the plan or employed or compensated any person who  
347 assisted in the development of the plan, and which bids on the  
348 administration or servicing of the plan, shall submit to the board  
349 a statement accompanying the bid explaining in detail its  
350 participation with the development of the plan. This statement  
351 shall include the amount of compensation paid by the bidder to any  
352 such employee during the previous fiscal year. The board shall  
353 make all such information available to the members of the advisory  
354 council and those legislators, or their designees, who may attend  
355 meetings of the advisory council before any action is taken by the  
356 board on the bids submitted. The failure of any bidder to fully  
357 and accurately comply with this paragraph shall result in the  
358 rejection of any bid submitted by that bidder or the cancellation  
359 of any contract executed when the failure is discovered after the  
360 acceptance of that bid. The board is authorized to promulgate  
361 rules and regulations to implement the provisions of this  
362 subsection.

363 The board shall develop plans for the insurance plan  
364 authorized by this section in accordance with the provisions of  
365 Section 25-15-5.

366 Any corporation, association, company or individual that  
367 contracts with the board for the third-party claims administration  
368 of the self-insured plan shall prepare and keep on file an

369 explanation of benefits for each claim processed. The explanation  
370 of benefits shall contain such information relative to each  
371 processed claim which the board deems necessary, and, at a  
372 minimum, each explanation shall provide the claimant's name, claim  
373 number, provider number, provider name, service dates, type of  
374 services, amount of charges, amount allowed to the claimant and  
375 reason codes. The information contained in the explanation of  
376 benefits shall be available for inspection upon request by the  
377 board. The board shall have access to all claims information  
378 utilized in the issuance of payments to employees and providers.

379 (b) There is created an advisory council to advise the  
380 board in the formulation of the State and School Employees Health  
381 Insurance Plan. The council shall be composed of the State  
382 Insurance Commissioner or his designee, an employee-representative  
383 of the institutions of higher learning appointed by the board of  
384 trustees thereof, an employee-representative of the Department of  
385 Transportation appointed by the director thereof, an  
386 employee-representative of the State Tax Commission appointed by  
387 the Commissioner of Revenue, an employee-representative of the  
388 Mississippi Department of Health appointed by the State Health  
389 Officer, an employee-representative of the Mississippi Department  
390 of Corrections appointed by the Commissioner of Corrections, and  
391 an employee-representative of the Department of Human Services  
392 appointed by the Executive Director of Human Services, two (2)  
393 certificated public school administrators appointed by the State  
394 Board of Education, two (2) certificated classroom teachers  
395 appointed by the State Board of Education, a noncertificated  
396 school employee appointed by the State Board of Education and a  
397 community/junior college employee appointed by the State Board for  
398 Community and Junior Colleges.

399 The Lieutenant Governor may designate the Secretary of the  
400 Senate, the Chairman of the Senate Appropriations Committee, the  
401 Chairman of the Senate Education Committee and the Chairman of the

402 Senate Insurance Committee, and the Speaker of the House of  
403 Representatives may designate the Clerk of the House, the Chairman  
404 of the House Appropriations Committee, the Chairman of the House  
405 Education Committee and the Chairman of the House Insurance  
406 Committee, to attend any meeting of the State and School Employees  
407 Insurance Advisory Council. The appointing authorities may  
408 designate an alternate member from their respective houses to  
409 serve when the regular designee is unable to attend such meetings  
410 of the council. Such designees shall have no jurisdiction or vote  
411 on any matter within the jurisdiction of the council. For  
412 attending meetings of the council, such legislators shall receive  
413 per diem and expenses which shall be paid from the contingent  
414 expense funds of their respective houses in the same amounts as  
415 provided for committee meetings when the Legislature is not in  
416 session; however, no per diem and expenses for attending meetings  
417 of the council will be paid while the Legislature is in session.  
418 No per diem and expenses will be paid except for attending  
419 meetings of the council without prior approval of the proper  
420 committee in their respective houses.

421 (c) No change in the terms of the State and School  
422 Employees Health Insurance Plan may be made effective unless the  
423 board, or its designee, has provided notice to the State and  
424 School Employees Health Insurance Advisory Council and has called  
425 a meeting of the council at least fifteen (15) days before the  
426 effective date of such change. In the event that the State and  
427 School Employees Health Insurance Advisory Council does not meet  
428 to advise the board on the proposed changes, the changes to the  
429 plan shall become effective at such time as the board has informed  
430 the council that the changes shall become effective.

431 \* \* \*

432 (2) Nonduplication of benefits--reduction of benefits by  
433 Title XIX benefits: When benefits would be payable under more  
434 than one (1) group plan, benefits under those plans will be

435 coordinated to the extent that the total benefits under all plans  
436 will not exceed the total expenses incurred.

437 Benefits for hospital or surgical or medical benefits shall  
438 be reduced by any similar benefits payable in accordance with  
439 Title XIX of the Social Security Act or under any amendments  
440 thereto, or any implementing legislation.

441 Benefits for hospital or surgical or medical benefits shall  
442 be reduced by any similar benefits payable by workers'  
443 compensation.

444 (3) (a) Schedule of life insurance benefits--group term:  
445 The amount of term life insurance for each active employee of a  
446 department, agency or institution of the state government shall  
447 not be in excess of One Hundred Thousand Dollars (\$100,000.00), or  
448 twice the amount of the employee's annual wage to the next highest  
449 One Thousand Dollars (\$1,000.00), whichever may be less, but in no  
450 case less than Thirty Thousand Dollars (\$30,000.00), with a like  
451 amount for accidental death and dismemberment on a  
452 twenty-four-hour basis. \* \* \*

453 (b) Effective October 1, 1999, schedule of life  
454 insurance benefits--group term: The amount of term life insurance  
455 for each active employee of any school district, community/junior  
456 college, public library or university-based program authorized  
457 under Section 37-23-31 for deaf, aphasic and emotionally disturbed  
458 children or any regular nonstudent bus driver shall not be in  
459 excess of One Hundred Thousand Dollars (\$100,000.00), or twice the  
460 amount of the employee's annual wage to the next highest One  
461 Thousand Dollars (\$1,000.00), whichever may be less, but in no  
462 case less than Thirty Thousand Dollars (\$30,000.00), with a like  
463 amount for accidental death and dismemberment on a  
464 twenty-four-hour basis. The plan will further contain a premium  
465 waiver provision if a covered employee of any school district,  
466 community/junior college, public library or university-based  
467 program authorized under Section 37-23-31 for deaf, aphasic and

468 emotionally disturbed children or any regular nonstudent bus  
469 driver becomes totally and permanently disabled prior to age  
470 sixty-five (65) years. \* \* \*

471 (4) Any eligible employee who on March 1, 1971, was  
472 participating in a group life insurance program which has  
473 provisions different from those included herein and for which the  
474 State of Mississippi was paying a part of the premium may, at his  
475 discretion, continue to participate in such plan. Such employee  
476 shall pay in full all additional costs, if any, above the minimum  
477 program established by this article. Under no circumstances shall  
478 any individual who begins employment with the state after March 1,  
479 1971, be eligible for the provisions of this paragraph.

480 (5) The board may offer medical savings accounts as defined  
481 in Section 71-9-3 as a plan option.

482 (6) Any premium differentials, differences in coverages,  
483 discounts determined by risk or by any other factors shall be  
484 uniformly applied to all active employees participating in the  
485 insurance plan. It is the intent of the Legislature that the  
486 state contribution to the plan be the same for each employee  
487 throughout the state.

488 (7) On October 1, 1999, any school district,  
489 community/junior college district or public library may elect to  
490 remain with an existing policy or policies of group life insurance  
491 with an insurance company approved by the State and School  
492 Employees Health Insurance Management Board, in lieu of  
493 participation in the State and School Life Insurance Plan. The  
494 state's contribution of up to fifty percent (50%) of the active  
495 employee's premium under the State and School Life Insurance Plan  
496 may be applied toward the cost of coverage for full-time employees  
497 participating in the approved life insurance company group plan.  
498 For purposes of this subsection (7), "life insurance company group  
499 plan" means a plan administered or sold by a private insurance  
500 company. After October 1, 1999, the board may assess charges in

501 addition to the existing State and School Life Insurance Plan  
502 rates to such employees as a condition of enrollment in the State  
503 and School Life Insurance Plan. In order for any life insurance  
504 company group plan existing as of October 1, 1999, to be approved  
505 by the State and School Employees Health Insurance Management  
506 Board under this subsection (7), it shall meet the following  
507 criteria:

508 (a) The insurance company offering the group life  
509 insurance plan shall be rated "A-" or better by A.M. Best state  
510 insurance rating service and be licensed as an admitted carrier in  
511 the State of Mississippi by the Mississippi Department of  
512 Insurance.

513 (b) The insurance company group life insurance plan  
514 shall provide the same life insurance, accidental death and  
515 dismemberment insurance and waiver of premium benefits as provided  
516 in the State and School Life Insurance Plan.

517 (c) The insurance company group life insurance plan  
518 shall be fully insured, and no form of self-funding life insurance  
519 by such company shall be approved.

520 (d) The insurance company group life insurance plan  
521 shall have one (1) composite rate per One Thousand Dollars  
522 (\$1,000.00) of coverage for active employees regardless of  
523 age \* \* \*.

524 (e) The insurance company and its group life insurance  
525 plan shall comply with any administrative requirements of the  
526 State and School Employees Health Insurance Management Board. In  
527 the event any insurance company providing group life insurance  
528 benefits to employees under this subsection (7) fails to comply  
529 with any requirements specified herein or any administrative  
530 requirements of the board, the state shall discontinue providing  
531 funding for the cost of such insurance.

532 SECTION 5. Section 25-15-11, Mississippi Code of 1972, is  
533 amended as follows:

534           25-15-11. (1) The board is authorized to execute a contract  
535 or contracts to provide the benefits under the plan. Such  
536 contract or contracts may be executed with one or more  
537 corporations or associations licensed to transact life and  
538 accident and health insurance business in this state; however, no  
539 such contract shall be executed with any corporation, association  
540 or company domiciled in any other state except that such  
541 corporation, association or company shall meet the conditions and  
542 terms for a like contract established by the state of the domicile  
543 of such corporation, association or company for a Mississippi  
544 corporation, association or company. No corporation, association  
545 or company with less than five (5) years' experience in the life  
546 and health field may bid. All of the benefits to be provided  
547 under the plan may be included in one or more similar contracts,  
548 or the benefits may be classified into different types with each  
549 type included under one or more similar contracts issued by the  
550 same or different companies.

551           The board shall supply the statistical information upon which  
552 a quotation is to be calculated, upon request, to all carriers  
553 licensed in the state. Bids may be accepted at the discretion of  
554 the board, and the board shall have the right to adjust rates on  
555 an annual basis if the board shall deem such adjustment necessary.  
556 The plan for active employees shall be on retention accounting  
557 basis \* \* \*. Any additional written information the carrier  
558 wishes to submit, supporting the proposed benefits and premium  
559 rate, may accompany the proposal. After receiving the proposals,  
560 the board shall determine whether to contract with the carrier  
561 which has been determined to have submitted the lowest and best  
562 bid, or to reject all such bids and receive new proposals.

563           The board shall authorize any corporation licensed to  
564 transact accident and health insurance business in this state  
565 issuing any such contract to reinsure portions of such contract  
566 with any other such corporation which elected to be a reinsurer

567 and is legally competent to enter into a reinsurance agreement.  
568 The board may designate one or more of such corporations as the  
569 administering corporation or corporations. Each employee who is  
570 covered under any such contract or contracts shall receive a  
571 certificate setting forth the benefits to which the employee is  
572 entitled thereunder, to whom such benefits shall be payable, to  
573 whom claims should be submitted, and summarizing the provisions of  
574 the contract principally affecting the employee. Such certificate  
575 shall be in lieu of the certificate which the corporation or  
576 corporations issuing such contract or contracts would otherwise  
577 issue.

578 The board may, as of the end of any contract year,  
579 discontinue any contract or contracts it has executed with any  
580 corporation or corporations and replace it or them with a contract  
581 or contracts in any other corporation or corporations meeting the  
582 requirements of this section.

583 The board may reject any and all bids and contracts under  
584 this section and may elect for the state to become a self-insurer;  
585 however, administration and service of any such self-insured  
586 program may be contracted to a third party by the board.

587 Any contract with a third party to administer the plan shall  
588 be bid and entered into in accordance with the procedures provided  
589 in Section 25-15-301.

590 (2) By September 30 of each year, the board shall report to  
591 the Joint Legislative Budget Committee, Senate Insurance  
592 Committee, House Insurance Committee, Senate Education Committee,  
593 House Education Committee and Joint Legislative Committee on  
594 Performance Evaluation and Expenditure Review the condition of the  
595 State and School Employees Life and Health Insurance Plan. Such  
596 report shall contain for the most recently completed fiscal year,  
597 but not be limited to, the following:

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

600 (b) The history of yearly claims paid and premiums  
601 received for each premium class, including, but not limited to,  
602 active employees and dependents \* \* \*.

603 (c) The history of loss ratios for the active employees  
604 and dependents \* \* \* premium classes as well as historical trend  
605 of such ratios. For the purposes of this section, the term "loss  
606 ratios" means claims paid by the plan for each premium class  
607 divided by premiums received by the plan for insurance coverage of  
608 the members in that premium class.

609 (d) Budgetary information, including:

610 (i) A detailed breakdown of all expenditures of  
611 the plan, administrative and otherwise, for the most recently  
612 completed fiscal year and projected expenditures, administrative  
613 and otherwise, for the current and next fiscal year;

614 (ii) A schedule of all contracts, administrative  
615 and otherwise, executed for the benefit of the plan during the  
616 most recent completed fiscal year and those executed and  
617 anticipated for the current fiscal year; and

618 (iii) A description of the processes used by the  
619 board to procure all contracts, administrative and otherwise, as  
620 well as a description of the scope of services to be provided by  
621 each contractor.

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

624 The Joint Legislative Budget Committee, Senate Insurance  
625 Committee, House Insurance Committee, Senate Education Committee,  
626 House Education Committee and Joint Legislative Committee on  
627 Performance Evaluation and Expenditure Review may request  
628 additional information or reports from the board on an as-needed  
629 basis.

630 (3) Annually, the board shall request, and the Department of  
631 Audit shall conduct, a comprehensive audit of the State and School  
632 Employees Life and Health Insurance Plan. For purposes of this

633 section, the audit required herein shall be separate and distinct  
634 from any audit prepared in conjunction with the development of the  
635 Comprehensive Annual Financial Report (CAFR).

636 SECTION 6. Section 25-15-14, Mississippi Code of 1972, is  
637 amended as follows:

638 25-15-14. Any elected state or district official who does  
639 not run for reelection or who is defeated before being entitled to  
640 receive a retirement allowance shall be eligible to continue to  
641 participate in the State and School Employees Health Insurance  
642 Plan and shall be required to pay the cost of such coverage.

643 SECTION 7. Section 25-15-15, Mississippi Code of 1972, is  
644 amended as follows:

645 25-15-15. (1) The board is authorized to determine the  
646 manner in which premiums and contributions by the state agencies,  
647 local school districts, colleges, universities, community/junior  
648 colleges and public libraries shall be collected to provide the  
649 self-insured health insurance program for employees as provided  
650 under this article. The state shall provide fifty percent (50%)  
651 of the cost of the above life insurance plan and one hundred  
652 percent (100%) of the cost of the above health insurance plan for  
653 all active full-time employees, and the employees shall be given  
654 the opportunity to purchase coverage for their eligible dependents  
655 with the premiums for such dependent coverage as well as the  
656 employee's fifty percent (50%) share for his life insurance  
657 coverage to be deductible from the employee's salary by the  
658 agency, department or institution head, which deductions, together  
659 with the fifty percent (50%) share of such life insurance premiums  
660 of such employing agency, department or institution head from  
661 funds appropriated to or authorized to be expended by such  
662 employing agency, department or institution head, shall be  
663 deposited directly into a depository bank or special fund in the  
664 State Treasury, as determined by the board. These funds and

665 interest earned on these funds may be used for the disbursement of  
666 claims and shall be exempt from the appropriation process.

667 (2) The state shall provide annually, by line item in the  
668 Mississippi Library Commission appropriation bill, such funds to  
669 pay one hundred percent (100%) of the cost of health insurance  
670 under the State and School Employees Health Insurance Plan for all  
671 full-time library staff members in each public library in  
672 Mississippi. The commission shall allot to each public library a  
673 sufficient amount of those funds appropriated to pay the costs of  
674 insurance for eligible employees. Any funds so appropriated by  
675 line item which are not expended during the fiscal year for which  
676 such funds were appropriated shall be carried forward for the same  
677 purposes during the next succeeding fiscal year. If any premiums  
678 for the health insurance and/or late charges and interest  
679 penalties are not paid by a public library in a timely manner, as  
680 defined by the board, the Mississippi Library Commission, upon  
681 notice by the board, shall immediately withhold all subsequent  
682 disbursements of funds to that public library.

683 (3) The state shall annually provide one hundred percent  
684 (100%) of the cost of the health insurance plan for all public  
685 school district employees who work no less than twenty (20) hours  
686 during each week and regular nonstudent school bus drivers. Where  
687 federal funding is allowable to defray, in full or in part, the  
688 cost of participation in the program by district employees who  
689 work no less than twenty (20) hours during the week and regular  
690 nonstudent bus drivers, whose salaries are paid, in full or in  
691 part, by federal funds, the allowance under this section shall be  
692 reduced to the extent of such federal funding. Where the use of  
693 federal funds is allowable but not available, it is the intent of  
694 the Legislature that school districts contribute the cost of  
695 participation for such employees from local funds, except that  
696 parent fees for child nutrition programs shall not be increased to  
697 cover such cost.

698           (4) The state shall provide annually, by line item in the  
699 community/junior college appropriation bill, such funds to pay one  
700 hundred percent (100%) of the cost of the health insurance plan  
701 for all community/junior college district employees who work no  
702 less than twenty (20) hours during each week.

703           (5) When the use of federal funding is allowable to defray,  
704 in full or in part, the cost of participation in the insurance  
705 plan by community/junior college district employees who work no  
706 less than twenty (20) hours during each week, whose salaries are  
707 paid, in full or in part, by federal funds, the allowance under  
708 this section shall be reduced to the extent of the federal  
709 funding. Where the use of federal funds is allowable but not  
710 available, it is the intent of the Legislature that  
711 community/junior college districts contribute the cost of  
712 participation for such employees from local funds.

713           (6) Any community/junior college district may contribute to  
714 the cost of coverage for any district employee from local  
715 community/junior college district funds, and any public school  
716 district may contribute to the cost of coverage for any district  
717 employee from nonminimum program funds. Any part of the cost of  
718 such coverage for participating employees of public school  
719 districts and public community/junior college districts that is  
720 not paid by the state shall be paid by the participating  
721 employees, which shall be deducted from the salaries of the  
722 employees in a manner determined by the board.

723           (7) Any funds appropriated for the cost of insurance by line  
724 item in the community/junior colleges appropriation bill which are  
725 not expended during the fiscal year for which such funds were  
726 appropriated shall be carried forward for the same purposes during  
727 the next succeeding fiscal year.

728           (8) The board may establish and enforce late charges and  
729 interest penalties or other penalties for the purpose of requiring  
730 the prompt payment of all premiums for life and health insurance

731 permitted under Chapter 15 of Title 25. All funds in excess of  
732 the amount needed for disbursement of claims shall be deposited in  
733 a special fund in the State Treasury to be known as the State and  
734 School Employees Insurance Fund. The State Treasurer shall invest  
735 all funds in the State and School Employees Insurance Fund and all  
736 interest earned shall be credited to the State and School  
737 Employees Insurance Fund. Such funds shall be placed with one or  
738 more depositories of the state and invested on the first day such  
739 funds are available for investment in certificates of deposit,  
740 repurchase agreements or in United States Treasury bills or as  
741 otherwise authorized by law for the investment of Public  
742 Employees' Retirement System funds, as long as such investment is  
743 made from competitive offering and at the highest and best market  
744 rate obtainable consistent with any available investment  
745 alternatives; however, such investments shall not be made in  
746 shares of stock, common or preferred, or in any other investments  
747 which would mature more than one (1) year from the date of  
748 investment. The board shall have the authority to draw from this  
749 fund periodically such funds as are necessary to operate the  
750 self-insurance plan or to pay to the insurance carrier the cost of  
751 operation of this plan, it being the purpose to limit the amount  
752 of participation by the state to fifty percent (50%) of the cost  
753 of the life insurance program and not to limit the contracting for  
754 additional benefits where the cost will be paid in full by the  
755 employee. \* \* \*

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

760 \* \* \*

761 SECTION 8. Section 25-15-103, Mississippi Code of 1972, is  
762 amended as follows:

763           25-15-103. The maximum amount of group insurance or other  
764 coverage used in determining employer's limitation of one hundred  
765 percent (100%) of such costs shall be determined by regulations  
766 promulgated by the governing board or head of any political  
767 subdivision, school district, junior college district,  
768 institution, department or agency named in Sections 25-15-101 and  
769 25-15-103, but the life insurance for each employee shall not  
770 exceed Fifty Thousand Dollars (\$50,000.00), or the amount of  
771 deduction allowed by the United States Internal Revenue Service in  
772 filing a federal tax return, whichever is greater. A like amount  
773 may be for accidental death, accident, health and salary  
774 protection insurance, providing benefits not exceeding sixty  
775 percent (60%) of the employee's income, or the amount allowed by  
776 the United States Internal Revenue Service in filing a federal tax  
777 return, whichever is greater. Hospitalization benefits for room  
778 and board may not exceed the average semiprivate cost per day; and  
779 the other coverages authorized hereinabove. The limitations in  
780 this paragraph on the amount of group insurance and other coverage  
781 which employers may obtain for their employees shall not be  
782 applicable to municipalities.

783       \* \* \*

784           When any of the political subdivisions, school districts,  
785 junior college districts, institutions, departments or agencies  
786 named in Sections 25-15-101 and 25-15-103 have adopted the group  
787 coverage plan authorized by said sections, any of the employees  
788 thereof participating in the plan who desire to secure additional  
789 benefits for their dependents with the company or companies  
790 providing such group coverage may do so by authorizing in writing  
791 the deduction from his or her salary or wages of the necessary  
792 amounts for the full payment of such additional coverage, and the  
793 same may be deducted and paid for such purposes, but the entire  
794 cost of such additional coverage for dependents shall be paid by  
795 the employee.

796 Said municipality may provide group life insurance coverage  
797 for all or specified groups of its public employees and group  
798 hospitalization benefits for such public employees and their  
799 dependents, and the municipality may pay the total of the cost of  
800 all benefits under this section.

801 SECTION 9. Section 25-11-141, Mississippi Code of 1972, is  
802 amended as follows:

803 25-11-141. The board of trustees may enter into an agreement  
804 with insurance companies \* \* \* or government agencies authorized  
805 to do business in the state for issuance of a policy or contract  
806 of life, dental, vision or other similar benefits, or any  
807 combination thereof, for those persons receiving a service,  
808 disability or survivor retirement allowance from any system  
809 administered by the board. Notwithstanding any other provision of  
810 this chapter, the policy or contract also may include coverage for  
811 the spouse and dependent children of such eligible person and for  
812 such sponsored dependents as the board considers appropriate. If  
813 all or any portion of the policy or contract premium is to be paid  
814 by any person receiving a service, disability or survivor  
815 retirement allowance, such person shall, by written authorization,  
816 instruct the board to deduct from the retirement allowance the  
817 premium cost and to make payments to such companies, associations,  
818 corporations or agencies.

819 The board may contract for such coverage on the basis that  
820 the cost of the premium for the coverage will be paid by the  
821 person receiving a retirement allowance.

822 The board is authorized to accept bids for such optional  
823 coverage and benefits and to make all necessary rules pursuant to  
824 the purpose and intent of this section.

825 SECTION 10. Sections 1 and 2 of this act shall take effect  
826 from and after July 1, 2001. The remainder of this act shall take  
827 effect from and after January 1, 2003.