

By: Representative Fleming

To: Insurance;
Appropriations

HOUSE BILL NO. 54

1 AN ACT TO AMEND SECTION 25-15-9, MISSISSIPPI CODE OF 1972, TO
2 PROVIDE FOR AN IN-HOUSE STATE AND SCHOOL EMPLOYEES HEALTH
3 INSURANCE PLAN; TO ELIMINATE CONTRACTS OR AGREEMENTS WITH ANY
4 PRIVATE ENTITY TO ADMINISTER THE PLAN; TO PROVIDE CERTAIN FUNDING
5 FOR THE PLAN WITH MONIES AVAILABLE AS A RESULT OF THE TOBACCO
6 SETTLEMENT; TO PROVIDE THAT THE AMOUNT OF THE EMPLOYEES'
7 DEDUCTIBLE SHALL REMAIN UNCHANGED FOR THE FIRST FIVE YEARS OF THE
8 IN-HOUSE PLAN; TO AMEND SECTIONS 25-15-5, 25-15-15, 25-15-303 AND
9 43-13-407, MISSISSIPPI CODE OF 1972, IN CONFORMITY THERETO; TO
10 REPEAL SECTION 25-15-301, MISSISSIPPI CODE OF 1972, WHICH PROVIDES
11 FOR CONTRACTS FOR THE ADMINISTRATION OF THE STATE AND SCHOOL
12 EMPLOYEES HEALTH INSURANCE PLAN; AND FOR RELATED PURPOSES.

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

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

16 25-15-9. (1) (a) The board shall design a plan of health
17 insurance for state employees which provides benefits for
18 semiprivate rooms in addition to other incidental coverages which
19 the board deems necessary. The amount of the coverages shall be
20 in such reasonable amount as may be determined by the board to be
21 adequate, after due consideration of current health costs in
22 Mississippi. The plan shall also include major medical benefits
23 in such amounts as the board shall determine. * * * The board may
24 employ or contract for such consulting or actuarial services as
25 may be necessary to formulate the plan * * *. The board shall
26 keep a record of all persons, agents and corporations who contract
27 with or assist the board in preparing and developing the plan.
28 The board in a timely manner shall provide copies of this record
29 to the members of the advisory council created in this section and
30 those legislators, or their designees, who may attend meetings of
31 the advisory council. * * * Each person, agent or corporation
32 which, during the previous fiscal year, has assisted in the



33 development of the plan or employed or compensated any person who
34 assisted in the development of the plan * * * shall submit to the
35 board a statement * * * explaining in detail its participation
36 with the development of the plan. This statement shall include
37 the amount of compensation paid * * * to any such employee during
38 the previous fiscal year. The board shall make all such
39 information available to the members of the advisory council and
40 those legislators, or their designees, who may attend meetings of
41 the advisory council before any action is taken by the
42 board * * *. The board is authorized to promulgate rules and
43 regulations to implement the provisions of this subsection.

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

47 No corporation, association, company or individual may
48 contract with the board for the third-party claims administration
49 of the self-insured plan. Any such contracts in effect on July 1,
50 2003, shall not be renewed, and all administration of the plan
51 shall be performed by the Department of Finance and
52 Administration. On or before July 1, 2003, the State Treasurer
53 shall transfer an amount not to exceed Two Hundred Million Dollars
54 (\$200,000,000.00) from the Health Care Expendable Fund established
55 by Section 43-13-407 to the State and School Employees Insurance
56 Fund created in Section 25-15-15(8). Such monies shall be used as
57 a one-time start-up capital for the in-house State and School
58 Employees Health Insurance Plan as provided in House Bill No. ,
59 Regular Session 2002. The State Treasurer shall invest such funds
60 and any interest generated shall be credited to the special fund
61 in the State Treasury known as the State and School Employees
62 Insurance Fund. The Department of Finance and Administration may
63 request an appropriation in an amount not to exceed ninety percent
64 (90%) of the capital in the fund each fiscal year unless the fund
65 drops below Fifty Million Dollars (\$50,000,000.00), at which time,



66 the Department of Finance and Administration may request an
67 appropriation in an amount not to exceed One Hundred Fifty Million
68 Dollars (\$150,000,000.00) for purposes of keeping the plan
69 solvent.

70 (b) There is created an advisory council to advise the
71 board in the formulation of the State and School Employees Health
72 Insurance Plan. The council shall be composed of the State
73 Insurance Commissioner or his designee, an employee-representative
74 of the institutions of higher learning appointed by the board of
75 trustees thereof, an employee-representative of the Department of
76 Transportation appointed by the director thereof, an
77 employee-representative of the State Tax Commission appointed by
78 the Commissioner of Revenue, an employee-representative of the
79 Mississippi Department of Health appointed by the State Health
80 Officer, an employee-representative of the Mississippi Department
81 of Corrections appointed by the Commissioner of Corrections, and
82 an employee-representative of the Department of Human Services
83 appointed by the Executive Director of Human Services, two (2)
84 certificated public school administrators appointed by the State
85 Board of Education, two (2) certificated classroom teachers
86 appointed by the State Board of Education, a noncertificated
87 school employee appointed by the State Board of Education and a
88 community/junior college employee appointed by the State Board for
89 Community and Junior Colleges.

90 The Lieutenant Governor may designate the Secretary of the
91 Senate, the Chairman of the Senate Appropriations Committee, the
92 Chairman of the Senate Education Committee and the Chairman of the
93 Senate Insurance Committee, and the Speaker of the House of
94 Representatives may designate the Clerk of the House, the Chairman
95 of the House Appropriations Committee, the Chairman of the House
96 Education Committee and the Chairman of the House Insurance
97 Committee, to attend any meeting of the State and School Employees
98 Insurance Advisory Council. The appointing authorities may



99 designate an alternate member from their respective houses to
100 serve when the regular designee is unable to attend such meetings
101 of the council. Such designees shall have no jurisdiction or vote
102 on any matter within the jurisdiction of the council. For
103 attending meetings of the council, such legislators shall receive
104 per diem and expenses which shall be paid from the contingent
105 expense funds of their respective houses in the same amounts as
106 provided for committee meetings when the Legislature is not in
107 session; however, no per diem and expenses for attending meetings
108 of the council will be paid while the Legislature is in session.
109 No per diem and expenses will be paid except for attending
110 meetings of the council without prior approval of the proper
111 committee in their respective houses.

112 (c) No change in the terms of the State and School
113 Employees Health Insurance Plan may be made effective unless the
114 board, or its designee, has provided notice to the State and
115 School Employees Health Insurance Advisory Council and has called
116 a meeting of the council at least fifteen (15) days before the
117 effective date of such change. In the event that the State and
118 School Employees Health Insurance Advisory Council does not meet
119 to advise the board on the proposed changes, the changes to the
120 plan shall become effective at such time as the board has informed
121 the council that the changes shall become effective.

122 (d) **Medical benefits for retired employees and**
123 **dependents under age sixty-five (65) years and not eligible for**
124 **Medicare benefits.** The same health insurance coverage as for all
125 other active employees and their dependents shall be available to
126 retired employees and all dependents under age sixty-five (65)
127 years who are not eligible for Medicare benefits, the level of
128 benefits to be the same level as for all other active
129 participants. This section will apply to those employees who
130 retire due to one hundred percent (100%) medical disability as
131 well as those employees electing early retirement.



132 (e) **Medical benefits for retired employees and**
133 **dependents over age sixty-five (65) years or otherwise eligible**
134 **for Medicare benefits.** The health insurance coverage available to
135 retired employees over age sixty-five (65) years or otherwise
136 eligible for Medicare benefits, and all dependents over age
137 sixty-five (65) years or otherwise eligible for Medicare benefits,
138 shall be the major medical coverage with the lifetime maximum of
139 One Million Dollars (\$1,000,000.00). Benefits shall be reduced by
140 Medicare benefits as though such Medicare benefits were the base
141 plan.

142 All covered individuals shall be assumed to have full
143 Medicare coverage, Parts A and B; and any Medicare payments under
144 both Parts A and B shall be computed to reduce benefits payable
145 under this plan.

146 (2) Nonduplication of benefits--reduction of benefits by
147 Title XIX benefits: When benefits would be payable under more
148 than one (1) group plan, benefits under those plans will be
149 coordinated to the extent that the total benefits under all plans
150 will not exceed the total expenses incurred.

151 Benefits for hospital or surgical or medical benefits shall
152 be reduced by any similar benefits payable in accordance with
153 Title XIX of the Social Security Act or under any amendments
154 thereto, or any implementing legislation.

155 Benefits for hospital or surgical or medical benefits shall
156 be reduced by any similar benefits payable by workers'
157 compensation.

158 (3) (a) Schedule of life insurance benefits--group term:
159 The amount of term life insurance for each active employee of a
160 department, agency or institution of the state government shall
161 not be in excess of One Hundred Thousand Dollars (\$100,000.00), or
162 twice the amount of the employee's annual wage to the next highest
163 One Thousand Dollars (\$1,000.00), whichever may be less, but in no
164 case less than Thirty Thousand Dollars (\$30,000.00), with a like



165 amount for accidental death and dismemberment on a
166 twenty-four-hour basis. The plan will further contain a premium
167 waiver provision if a covered employee becomes totally and
168 permanently disabled prior to age sixty-five (65) years.
169 Employees retiring after June 30, 1999, shall be eligible to
170 continue life insurance coverage in an amount of Five Thousand
171 Dollars (\$5,000.00), Ten Thousand Dollars (\$10,000.00) or Twenty
172 Thousand Dollars (\$20,000.00) into retirement.

173 (b) Effective October 1, 1999, schedule of life
174 insurance benefits--group term: The amount of term life insurance
175 for each active employee of any school district, community/junior
176 college, public library or university-based program authorized
177 under Section 37-23-31 for deaf, aphasic and emotionally disturbed
178 children or any regular nonstudent bus driver shall not be in
179 excess of One Hundred Thousand Dollars (\$100,000.00), or twice the
180 amount of the employee's annual wage to the next highest One
181 Thousand Dollars (\$1,000.00), whichever may be less, but in no
182 case less than Thirty Thousand Dollars (\$30,000.00), with a like
183 amount for accidental death and dismemberment on a
184 twenty-four-hour basis. The plan will further contain a premium
185 waiver provision if a covered employee of any school district,
186 community/junior college, public library or university-based
187 program authorized under Section 37-23-31 for deaf, aphasic and
188 emotionally disturbed children or any regular nonstudent bus
189 driver becomes totally and permanently disabled prior to age
190 sixty-five (65) years. Employees of any school district,
191 community/junior college, public library or university-based
192 program authorized under Section 37-23-31 for deaf, aphasic and
193 emotionally disturbed children or any regular nonstudent bus
194 driver retiring after September 30, 1999, shall be eligible to
195 continue life insurance coverage in an amount of Five Thousand
196 Dollars (\$5,000.00), Ten Thousand Dollars (\$10,000.00) or Twenty
197 Thousand Dollars (\$20,000.00) into retirement.



198 (4) Any eligible employee who on March 1, 1971, was
199 participating in a group life insurance program which has
200 provisions different from those included herein and for which the
201 State of Mississippi was paying a part of the premium may, at his
202 discretion, continue to participate in such plan. Such employee
203 shall pay in full all additional costs, if any, above the minimum
204 program established by this article. Under no circumstances shall
205 any individual who begins employment with the state after March 1,
206 1971, be eligible for the provisions of this paragraph.

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

209 (6) Any premium differentials, differences in coverages,
210 discounts determined by risk or by any other factors shall be
211 uniformly applied to all active employees participating in the
212 insurance plan. It is the intent of the Legislature that the
213 state contribution to the plan be the same for each employee
214 throughout the state. The board shall not increase the amount of
215 the deductible in effect on July 1, 2003, until July 1, 2008.

216 (7) On October 1, 1999, any school district,
217 community/junior college district or public library may elect to
218 remain with an existing policy or policies of group life insurance
219 with an insurance company approved by the State and School
220 Employees Health Insurance Management Board, in lieu of
221 participation in the State and School Life Insurance Plan. The
222 state's contribution of up to fifty percent (50%) of the active
223 employee's premium under the State and School Life Insurance Plan
224 may be applied toward the cost of coverage for full-time employees
225 participating in the approved life insurance company group plan.
226 For purposes of this subsection (7), "life insurance company group
227 plan" means a plan administered or sold by a private insurance
228 company. After October 1, 1999, the board may assess charges in
229 addition to the existing State and School Life Insurance Plan
230 rates to such employees as a condition of enrollment in the State



231 and School Life Insurance Plan. In order for any life insurance
232 company group plan existing as of October 1, 1999, to be approved
233 by the State and School Employees Health Insurance Management
234 Board under this subsection (7), it shall meet the following
235 criteria:

236 (a) The insurance company offering the group life
237 insurance plan shall be rated "A-" or better by A.M. Best state
238 insurance rating service and be licensed as an admitted carrier in
239 the State of Mississippi by the Mississippi Department of
240 Insurance.

241 (b) The insurance company group life insurance plan
242 shall provide the same life insurance, accidental death and
243 dismemberment insurance and waiver of premium benefits as provided
244 in the State and School Life Insurance Plan.

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

248 (d) The insurance company group life insurance plan
249 shall have one (1) composite rate per One Thousand Dollars
250 (\$1,000.00) of coverage for active employees regardless of age and
251 one (1) composite rate per One Thousand Dollars (\$1,000.00) of
252 coverage for all retirees regardless of age or type of retiree.

253 (e) The insurance company and its group life insurance
254 plan shall comply with any administrative requirements of the
255 State and School Employees Health Insurance Management Board. In
256 the event any insurance company providing group life insurance
257 benefits to employees under this subsection (7) fails to comply
258 with any requirements specified herein or any administrative
259 requirements of the board, the state shall discontinue providing
260 funding for the cost of such insurance.

261 **SECTION 2.** Section 25-15-5, Mississippi Code of 1972, is
262 amended as follows:



263 25-15-5. (1) The board shall administer the plan and is
264 authorized to adopt and promulgate rules and regulations for its
265 administration, subject to the terms and limitations contained in
266 this article.

267 (2) The board shall develop a five-year strategic plan for
268 the insurance plan established by Section 25-15-3 et seq. The
269 strategic plan shall address, but not be limited to:

270 (a) Changing trends in the health care industry, and
271 how they effect delivery of services to members of the plan.

272 (b) Alternative service delivery systems.

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

275 (d) The development of options and recommendations for
276 changes in the plan.

277 (3) To carry out the requirements of subsection (2) of this
278 section, the board may conduct formal research, including
279 questionnaires and attitudinal surveys of members' needs and
280 preferences with respect to service delivery.

281 (4) After the board has complied with all provisions of
282 Section 25-15-9 regarding the establishment of the plan, it shall
283 be responsible for fully disclosing to plan members the provisions
284 of the plan. Such disclosure shall consist of the dissemination
285 of educational material on the plan and any proposed changes
286 thereto. The board shall provide members with complete
287 educational materials at least thirty (30) days before the date
288 upon which the plan's members must select a plan option for health
289 care services. The board shall further use the resources of the
290 Mississippi Authority for Educational Television or other state
291 agency, university or college to provide information on proposed
292 changes. The board may also use other state-owned media, as well
293 as public service announcements on private media to disseminate
294 information regarding proposed changes in the plan.



295 (5) The board shall develop and make available for public
296 review at its offices a comprehensive plan document which
297 documents all benefits for which members of the plan created by
298 Section 25-15-3 et seq. are eligible. This document shall be
299 typed and maintained also at the offices of any administrator
300 contracted with in accordance with Section 25-15-301.

301 (6) (a) The board may enter into contracts with
302 accountants, actuaries and other persons from the private sector
303 whose skills are necessary to carry out the purposes of Section
304 25-15-3 et seq.

305 (b) Before the board enters into any contract for
306 services as provided in paragraph (a) of this subsection, the
307 board shall first determine that the services are required, and
308 that the staff of the board and personnel of other state agencies
309 are not sufficiently experienced to provide the services.

310 * * *

311 (c) The board is also authorized to procure legal
312 services if it deems these services to be necessary to carry out
313 its responsibilities under Section 25-15-3 et seq.

314 **SECTION 3.** Section 25-15-303, Mississippi Code of 1972, is
315 amended as follows:

316 25-15-303. (1) There is created the State and School
317 Employees Health Insurance Management Board, which shall
318 administer the State and School Employees Life and Health
319 Insurance Plan provided for under Section 25-15-3 et seq. * * *

320 (2) The board shall consist of the following:

321 (a) The Chairman of the Workers' Compensation
322 Commission;

323 (b) The Commissioner of Insurance;

324 (c) The Commissioner of Higher Education;

325 (d) The State Superintendent of Education;

326 (e) The Executive Director of the Department of Finance
327 and Administration;



328 (f) Two (2) appointees of the Governor whose terms
329 shall be concurrent with that of the Governor, one (1) of whom
330 shall have experience in providing actuarial advice to companies
331 that provide health insurance to large groups and one (1) of whom
332 shall have experience in the day-to-day management and
333 administration of a large self-funded health insurance group;

334 (g) The Chairman of the Senate Insurance Committee or
335 his designee;

336 (h) The Chairman of the House of Representatives
337 Insurance Committee or his designee;

338 (i) The Chairman of the Senate Appropriations Committee
339 or his designee; and

340 (j) The Chairman of the House of Representatives
341 Appropriations Committee or his designee.

342 The legislators, or their designees, shall serve as ex
343 officio, nonvoting members of the board.

344 The Executive Director of the Department of Finance and
345 Administration shall be the chairman of the board.

346 (3) The board shall meet at least monthly and maintain
347 minutes of such meetings. A quorum shall consist of a majority of
348 the authorized voting membership of the board. The board shall
349 have the sole authority to promulgate rules and regulations
350 governing the operations of the insurance plans and shall be
351 vested with all legal authority necessary and proper to perform
352 this function including, but not limited to:

353 (a) Defining the scope and coverages provided by the
354 insurance plan;

355 (b) Seeking proposals for services or insurance through
356 competitive processes where required by law and selecting service
357 providers or insurers under procedures provided for by law; and

358 (c) Developing and adopting strategic plans and budgets
359 for the insurance plan.



360 The department shall employ a State Insurance Administrator,
361 who shall be responsible for the day-to-day management and
362 administration of the insurance plan. The board shall employ a
363 Deputy State Insurance Administrator who shall be an actuary and a
364 member of the American Academy of Actuaries. The Deputy State
365 Insurance Administrator shall have experience in providing
366 actuarial services to companies which provide health insurance to
367 large groups. The deputy administrator shall receive a salary set
368 by the board and shall not be subject to the authority of the
369 State Personnel Board for any purpose. The Department of Finance
370 and Administration shall provide to the board on a full-time basis
371 personnel and technical support necessary and sufficient to
372 effectively and efficiently carry out the requirements of this
373 section.

374 (4) Members of the board shall not receive any compensation
375 or per diem, but may receive travel reimbursement provided for
376 under Section 25-3-41 except that the legislators shall receive
377 per diem and expenses which shall be paid from the contingent
378 expense funds of their respective houses in the same amounts as
379 provided for committee meetings when the Legislature is not in
380 session; however, no per diem and expenses for attending meetings
381 of the board shall be paid while the Legislature is in session.

382 **SECTION 4.** Section 25-15-15, Mississippi Code of 1972, is
383 amended as follows:

384 25-15-15. (1) The board is authorized to determine the
385 manner in which premiums and contributions by the state agencies,
386 local school districts, colleges, universities, community/junior
387 colleges and public libraries shall be collected to provide the
388 self-insured health insurance program for employees as provided
389 under this article. The state shall provide fifty percent (50%)
390 of the cost of the above life insurance plan and one hundred
391 percent (100%) of the cost of the above health insurance plan for
392 all active full-time employees, and the employees shall be given



393 the opportunity to purchase coverage for their eligible dependents
394 with the premiums for such dependent coverage as well as the
395 employee's fifty percent (50%) share for his life insurance
396 coverage to be deductible from the employee's salary by the
397 agency, department or institution head, which deductions, together
398 with the fifty percent (50%) share of such life insurance premiums
399 of such employing agency, department or institution head from
400 funds appropriated to or authorized to be expended by such
401 employing agency, department or institution head, shall be
402 deposited directly into a depository bank or special fund in the
403 State Treasury, as determined by the board. These funds and
404 interest earned on these funds may be used for the disbursement of
405 claims and shall be exempt from the appropriation process.

406 (2) The state shall provide annually, by line item in the
407 Mississippi Library Commission appropriation bill, such funds to
408 pay one hundred percent (100%) of the cost of health insurance
409 under the State and School Employees Health Insurance Plan for all
410 full-time library staff members in each public library in
411 Mississippi. The commission shall allot to each public library a
412 sufficient amount of those funds appropriated to pay the costs of
413 insurance for eligible employees. Any funds so appropriated by
414 line item which are not expended during the fiscal year for which
415 such funds were appropriated shall be carried forward for the same
416 purposes during the next succeeding fiscal year. If any premiums
417 for the health insurance and/or late charges and interest
418 penalties are not paid by a public library in a timely manner, as
419 defined by the board, the Mississippi Library Commission, upon
420 notice by the board, shall immediately withhold all subsequent
421 disbursements of funds to that public library.

422 (3) The state shall annually provide one hundred percent
423 (100%) of the cost of the health insurance plan for all public
424 school district employees who work no less than twenty (20) hours
425 during each week and regular nonstudent school bus drivers. Where



426 federal funding is allowable to defray, in full or in part, the
427 cost of participation in the program by district employees who
428 work no less than twenty (20) hours during the week and regular
429 nonstudent bus drivers, whose salaries are paid, in full or in
430 part, by federal funds, the allowance under this section shall be
431 reduced to the extent of such federal funding. Where the use of
432 federal funds is allowable but not available, it is the intent of
433 the Legislature that school districts contribute the cost of
434 participation for such employees from local funds, except that
435 parent fees for child nutrition programs shall not be increased to
436 cover such cost.

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

442 (5) When the use of federal funding is allowable to defray,
443 in full or in part, the cost of participation in the insurance
444 plan by community/junior college district employees who work no
445 less than twenty (20) hours during each week, whose salaries are
446 paid, in full or in part, by federal funds, the allowance under
447 this section shall be reduced to the extent of the federal
448 funding. Where the use of federal funds is allowable but not
449 available, it is the intent of the Legislature that
450 community/junior college districts contribute the cost of
451 participation for such employees from local funds.

452 (6) Any community/junior college district may contribute to
453 the cost of coverage for any district employee from local
454 community/junior college district funds, and any public school
455 district may contribute to the cost of coverage for any district
456 employee from nonminimum program funds. Any part of the cost of
457 such coverage for participating employees of public school
458 districts and public community/junior college districts that is



459 not paid by the state shall be paid by the participating
460 employees, which shall be deducted from the salaries of the
461 employees in a manner determined by the board.

462 (7) Any funds appropriated for the cost of insurance by line
463 item in the community/junior colleges appropriation bill which are
464 not expended during the fiscal year for which such funds were
465 appropriated shall be carried forward for the same purposes during
466 the next succeeding fiscal year.

467 (8) The board may establish and enforce late charges and
468 interest penalties or other penalties for the purpose of requiring
469 the prompt payment of all premiums for life and health insurance
470 permitted under Chapter 15 of Title 25. All funds in excess of
471 the amount needed for disbursement of claims shall be deposited in
472 a special fund in the State Treasury to be known as the State and
473 School Employees Insurance Fund. The State Treasurer shall invest
474 all funds in the State and School Employees Insurance Fund and all
475 interest earned shall be credited to the State and School
476 Employees Insurance Fund. Such funds shall be placed with one or
477 more depositories of the state and invested on the first day such
478 funds are available for investment in certificates of deposit,
479 repurchase agreements or in United States Treasury bills or as
480 otherwise authorized by law for the investment of Public
481 Employees' Retirement System funds, as long as such investment is
482 made from competitive offering and at the highest and best market
483 rate obtainable consistent with any available investment
484 alternatives; however, such investments shall not be made in
485 shares of stock, common or preferred, or in any other investments
486 which would mature more than one (1) year from the date of
487 investment. The board shall have the authority to draw from this
488 fund periodically such funds as are necessary to operate the
489 self-insurance plan or to pay to the insurance carrier the cost of
490 operation of this plan, it being the purpose to limit the amount
491 of participation by the state to fifty percent (50%) of the cost



492 of the life insurance program and not to limit the contracting for
493 additional benefits where the cost will be paid in full by the
494 employee. The state shall not share in the cost of coverage for
495 retired employees.

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

500 (10) Any retired employee electing to purchase retired life
501 and health insurance will have the full cost of such insurance
502 deducted monthly from his State of Mississippi retirement plan
503 check or direct billed for the cost of the premium if the
504 retirement check is insufficient to pay for the premium. If the
505 board determines actuarially that the premium paid by the
506 participating retirees adversely affects the overall cost of the
507 plan to the state, then the department may impose a premium
508 surcharge, not to exceed fifteen percent (15%), upon such
509 participating retired employees who are under the age for Medicare
510 eligibility.

511 (11) The state's share of the cost of the health insurance
512 provided herein shall be drawn from the Health Care Expendable
513 Fund established by Section 43-13-407 as provided in Section
514 25-15-9, as amended by House Bill No. , 2002 Regular Session.

515 **SECTION 5.** Section 43-13-407, Mississippi Code of 1972, is
516 amended as follows:

517 43-13-407. (1) In accordance with the purposes of this
518 article, there is established in the State Treasury the Health
519 Care Expendable Fund, into which shall be transferred from the
520 Health Care Trust Fund the following sums:

521 (a) In fiscal year 2000, Fifty Million Dollars
522 (\$50,000,000.00);

523 (b) In fiscal year 2001, Fifty-five Million Dollars
524 (\$55,000,000.00);



525 (c) In fiscal year 2002, Sixty Million Five Hundred
526 Thousand Dollars (\$60,500,000.00);

527 (d) In fiscal year 2003, Sixty-six Million Five Hundred
528 Fifty Thousand Dollars (\$66,550,000.00);

529 (e) In fiscal year 2004 and each subsequent fiscal
530 year, a sum equal to the average annual amount of the income from
531 the investment of the funds in the Health Care Trust Fund since
532 July 1, 1999.

533 (2) In any fiscal year in which interest and dividends from
534 the investment of the funds in the Health Care Trust Fund are not
535 sufficient to fund the full amount of the annual transfer into the
536 Health Care Expendable Fund as required in subsection (1) of this
537 section, the State Treasurer shall transfer from tobacco
538 settlement installment payments an amount that is sufficient to
539 fully fund the amount of the annual transfer.

540 (3) All income from the investment of the funds in the
541 Health Care Expendable Fund shall be credited to the account of
542 the Health Care Expendable Fund. Any funds in the Health Care
543 Expendable Fund at the end of a fiscal year shall not lapse into
544 the State General Fund.

545 (4) The funds in the Health Care Expendable Fund shall be
546 available for expenditure pursuant to specific appropriation by
547 the Legislature beginning in fiscal year 2000, and shall be
548 expended exclusively for health care purposes, including, but not
549 limited to, the state's share of the cost of the State and School
550 Employees Health Insurance Plan as provided in Section 25-15-9, as
551 amended in House Bill No. , 2002 Regular Session.

552 **SECTION 6.** Section 25-15-301, Mississippi Code of 1972,
553 which provides for contracts for the administration of the State
554 and School Employees Health Insurance Plan, is repealed.

555 **SECTION 7.** This act shall take effect and be in force from
556 and after July 1, 2003.

