

By: The Entire Membership

To: Insurance;
Appropriations

HOUSE BILL NO. 1386

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 BE
5 IMPLEMENTED AFTER THE BOARD DETERMINES THAT THE EMPLOYER'S
6 CONTRIBUTION RATE TO THE RETIREMENT SYSTEM CAN BE REDUCED BY ONE
7 PERCENT WITHOUT CAUSING THE UNFUNDED LIABILITY PERIOD FOR THE
8 RETIREMENT SYSTEM TO EXCEED TWENTY YEARS; TO PROVIDE THAT THE PLAN
9 SHALL INITIALLY HAVE BENEFITS EQUIVALENT TO THOSE IN THE STATE AND
10 SCHOOL EMPLOYEES HEALTH INSURANCE PLAN; TO PROVIDE THAT THE BOARD
11 MAY MODIFY THE PLAN AS NECESSARY TO MEET THE NEEDS OF THE MEMBERS
12 OF THE PLAN AND TO MAINTAIN THE FISCAL SOUNDNESS OF THE PLAN; TO
13 PROVIDE THAT THE BOARD MAY OFFER AN OPTIONAL PLAN TO RETIREES WHO
14 ARE ELIGIBLE FOR MEDICARE; TO PROVIDE FOR THE TREATMENT OF
15 RETIREES WHO DECLINE COVERAGE UNDER THE PLAN OR WHO ELECT
16 CONTINUING COVERAGE UNDER COBRA; TO PROVIDE THAT THE BOARD SHALL
17 SUBSIDIZE A PORTION OF THE COST OF PROVIDING THE HEALTH INSURANCE
18 PLAN TO RETIREES; TO PROVIDE FOR THE AMOUNT OF SUBSIDY; TO PROVIDE
19 THAT EACH EMPLOYER SHALL PAY MONTHLY AN AMOUNT EQUAL TO 2.5% OF
20 THE TOTAL PAYROLL OF THE EMPLOYER THAT IS ATTRIBUTABLE TO
21 CONTRIBUTING MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM;
22 TO PROVIDE THAT A CERTAIN AMOUNT OF THE PAYMENTS RECEIVED BY THE
23 BOARD SHALL BE HELD IN A FUND AND UTILIZED BY THE BOARD TO
24 SUBSIDIZE THE HEALTH INSURANCE PLAN REQUIRED TO BE ESTABLISHED BY
25 THIS ACT; TO GRANT THE BOARD CERTAIN POWERS AND DUTIES WITH REGARD
26 TO THE PLAN; TO CREATE A NEW SECTION TO BE CODIFIED AS SECTION
27 25-11-145, MISSISSIPPI CODE OF 1972, TO PROVIDE THE MANNER IN
28 WHICH THE FUNDS RECEIVED BY THE INSURANCE PROGRAM ESTABLISHED IN
29 SECTION 25-11-143, MISSISSIPPI CODE OF 1972, MAY BE INVESTED; TO
30 AMEND SECTION 25-11-123, MISSISSIPPI CODE OF 1972, TO DIRECT THE
31 BOARD TO REDUCE THE EMPLOYER'S CONTRIBUTION RATE TO THE RETIREMENT
32 SYSTEM BY ONE PERCENT AFTER THE BOARD DETERMINES THAT THE
33 EMPLOYER'S CONTRIBUTION RATE CAN BE REDUCED BY THAT AMOUNT WITHOUT
34 CAUSING THE UNFUNDED LIABILITY PERIOD FOR THE RETIREMENT SYSTEM TO
35 EXCEED TWENTY YEARS; TO AMEND SECTIONS 25-15-3, 25-15-9, 25-15-11,
36 25-15-15 AND 25-15-103, MISSISSIPPI CODE OF 1972, TO REMOVE
37 PROVISIONS THAT AUTHORIZE RETIREES TO BE INCLUDED IN THE STATE AND
38 SCHOOL EMPLOYEES LIFE AND HEALTH INSURANCE PLAN; TO AMEND SECTION
39 25-15-14, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT ELECTED STATE
40 AND DISTRICT OFFICIALS ELIGIBLE FOR GROUP HEALTH INSURANCE AFTER
41 LEAVING OFFICE WILL CONTINUE TO PARTICIPATE IN THE STATE AND
42 SCHOOL EMPLOYEES HEALTH INSURANCE PLAN AND NOT IN THE NEW PLAN FOR
43 RETIREES; TO AMEND SECTION 25-11-141, MISSISSIPPI CODE OF 1972, IN
44 CONFORMITY TO THE PROVISIONS OF THIS ACT; AND FOR RELATED
45 PURPOSES.

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

47 **SECTION 1.** The following provision shall be codified as

48 Section 25-11-143, Mississippi Code of 1972:



49 25-11-143. (1) This provision of this section shall become
50 effective from and after July 1 of the year following the year in
51 which the board determines and the board's actuary certifies that
52 the employer's contribution rate to the Public Employees'
53 Retirement System can be reduced by one percent (1%) without
54 causing the unfunded accrued actuarial liability amortization
55 period for the retirement system to exceed twenty (20) years.

56 (2) As used in this section, the term "retiree" means any
57 person receiving a service or disability retirement benefit from
58 any system administered by the board; however, in the case of
59 persons participating in the optional retirement plan established
60 in Section 25-11-401 et seq., the term "retiree" includes only
61 those persons who would be entitled to receive a retirement
62 allowance under the provisions of Section 25-11-111 if they were
63 not members of the optional retirement plan.

64 (3) The board shall design a plan of health insurance for
65 all current and future retirees that will take effect from and
66 after January 1 following the year in which this section becomes
67 effective as provided in subsection (1) of this section. The plan
68 may include coverage for the spouse, surviving beneficiary and
69 dependent children of retirees and other such sponsored dependents
70 as the board considers appropriate; however, the subsidy provided
71 for in this section shall apply only to the cost of providing
72 coverage to retirees. Initially, the plan shall have benefits
73 equivalent to those in the State and School Employees Health
74 Insurance Plan established in Section 25-15-9; however, the board
75 may modify the plan as necessary to meet the needs of the members
76 of the plan and to maintain the fiscal soundness of the plan. The
77 board may offer an optional plan to retirees who are eligible for
78 Medicare, and any additional cost of that plan shall be paid by
79 the retiree electing that optional coverage.

80 (4) (a) Retirees may decline coverage in the plan
81 established by this section, but they may be included in the plan



82 later if they apply for coverage during any open enrollment
83 periods that may be established by the board and can show, by
84 evidence considered sufficient to the board, that they were
85 covered by health insurance during the period of time that they
86 were not covered by the plan established by this section. The
87 board may adjust the amount of the subsidy for those persons and
88 may limit the number of times retirees who decline coverage who
89 may be later included in the plan.

90 (b) The board shall determine the manner in which
91 persons who elect continuation coverage under the federal
92 Consolidated Omnibus Budget Reconciliation Act of 1987 (COBRA)
93 will be treated regarding their eligibility for coverage under the
94 plan established under this section and the amount of the subsidy
95 for those persons.

96 (5) From and after January 1 following the year in which
97 this section becomes effective as provided in subsection (1) of
98 this section, the board shall subsidize a portion of the cost of
99 providing the plan of health insurance to retirees. The amount of
100 the subsidy provided for each retiree shall be equal to a
101 percentage of the annual cost of providing coverage under the plan
102 to the retiree as determined by the board. Except as otherwise
103 provided in this section, the percentage amount of the subsidy
104 shall be two percent (2%) for each year of creditable service,
105 less any fronted service for age-limited disability benefits of
106 the retiree up to a maximum of sixty percent (60%). Once the
107 percentage amount of the subsidy has been determined under this
108 subsection, it may not be changed unless the retiree returns to
109 membership service and earns additional years of creditable
110 service or elects not to be enrolled in the plan for a period of
111 time.

112 (6) The amount of the subsidy for each disability retiree
113 shall be calculated in the same manner as other retirees. For
114 purposes of determining the amount that a disability retiree must



115 pay above the subsidy for coverage under the plan, the cost of
116 coverage for disability retirees shall be deemed to be the average
117 cost of providing coverage for other retirees as determined by the
118 board.

119 (7) Each retiree participating in the plan, by written
120 authorization, shall instruct the board to deduct from the
121 retirement allowance the portion of the premium that is not
122 subsidized. The amounts so deducted shall be handled by the board
123 in the manner provided for in subsection (9) of this section.

124 (8) From and after July 1 of the year in which this section
125 becomes effective as provided in subsection (1) of this section,
126 each employer shall pay monthly to the board an amount equal to
127 two and one-half percent (2.5%) of the total payroll of the
128 employer on which retirement contributions are made under
129 retirement plans administered by the Public Employees' Retirement
130 System.

131 (9) The board may establish and enforce late charges and
132 interest penalties or other penalties for the purpose of requiring
133 the prompt payment of all contributions required under this
134 section. After appropriation for administration expenses of the
135 program, all funds received by the board under this section shall
136 be held in a fund in the custody of the board. All those funds
137 held by the board shall be utilized for the purpose of subsidizing
138 the health insurance plan required to be established by this
139 section, and shall be invested as provided in Section 2 of this
140 act.

141 (10) The board:

142 (a) Shall administer the plan;

143 (b) Shall have the sole authority to promulgate rules
144 and regulations governing the plan, and shall be vested with all
145 legal authority necessary and proper to perform this function
146 including, but not limited to, defining the benefits provided by



147 the plan, requesting and accepting bids for services, establishing
148 premium rates and receiving premium payments;

149 (c) May enter into contracts with accountants,
150 actuaries and other persons whose skills are necessary to carry
151 out the provisions of this section; and

152 (d) Is authorized to procure legal services if it deems
153 these services necessary to carry out its responsibilities under
154 this section.

155 **SECTION 2.** This section shall be codified as Section
156 25-11-145, Mississippi Code of 1972:

157 25-11-145. (1) This provision of this section shall become
158 effective from and after July 1 of the year in which Section
159 25-11-143 becomes effective as provided in subsection (1) of
160 Section 25-11-143.

161 (2) In managing the funds received for the insurance program
162 established in Section 25-11-143, the board from time to time
163 shall determine the current requirements for payments and
164 administrative expense that will be maintained as a cash working
165 balance, except that the cash working balance shall not exceed at
166 any time an amount necessary to meet the current obligations of
167 the fund for a period of ninety (90) days. Any amounts in excess
168 of the cash working balance shall be invested, as follows, at such
169 periodic intervals as the board may determine:

170 (a) Funds may be deposited in federally insured
171 institutions;

172 (b) Corporate and taxable municipal bonds of investment
173 grade as rated by Standard and Poor's or by Moody's Investment
174 Service, with bonds rated BAA/BBB not to exceed five percent (5%)
175 of the book value of the total fixed income investments, or
176 corporate short-term obligations of corporations or of
177 wholly owned subsidiaries of corporations, whose short-term
178 obligations are rated A-3 or better by Standard and Poor's or
179 rated P-3 or better by Moody's Investment Service;



180 (c) Bonds of the Tennessee Valley Authority; bonds,
181 notes, certificates and other valid obligations of the United
182 States, and other valid obligations of any federal instrumentality
183 that issues securities under authority of an act of Congress and
184 are exempt from registration with the Securities and Exchange
185 Commission; bonds, notes, debentures and other securities issued
186 by any federal instrumentality and fully guaranteed by the United
187 States;

188 (d) Interest-bearing bonds or notes that are general
189 obligations of any other state in the United States or of any city
190 or county in that state, provided that the state, city or county
191 has not defaulted for a period longer than thirty (30) days in the
192 payment of principal or interest on any of its general obligation
193 indebtedness during a period of ten (10) calendar years
194 immediately preceding the investment;

195 (e) Shares of stocks, common and/or preferred, of
196 corporations created by, or existing under, the laws of the United
197 States or any state, district or territory thereof, provided that:

198 (i) The maximum investments in stocks shall not
199 exceed fifty percent (50%) of the book value of the total
200 investment fund;

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

204 (iii) The outstanding shares of the corporation
205 shall have a total market value of not less than Fifty Million
206 Dollars (\$50,000,000.00);

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

210 (v) The shares of any one (1) corporation owned by
211 the fund shall not exceed five percent (5%) of that corporation's
212 outstanding stock;



213 (f) Bonds rated Single A or better, stocks and
214 convertible securities of established non-United States companies,
215 and in foreign government securities rated Single A or better by a
216 recognized rating agency, provided that the total book value of
217 investments under this paragraph at no time shall exceed thirty
218 percent (30%) of the total book value of the total investment
219 fund. The board may take requisite action to effectuate or hedge
220 those transactions through foreign or domestic banks, including
221 the purchase and sale, transfer, exchange, or otherwise disposal
222 of, and generally deal in foreign exchange through the use of
223 foreign currency, interbank forward contracts, futures contracts,
224 options contracts, swaps and other related derivative instruments;

225 (g) Covered call and put options on securities traded
226 on one or more of the regulated exchanges;

227 (h) Pooled or commingled funds managed by a corporate
228 trustee or by a Securities and Exchange Commission registered
229 investment advisory firm retained as an investment manager by the
230 board of trustees, and shares of investment companies and unit
231 investment trusts registered under the Investment Company Act of
232 1940, where the pooled or commingled funds or shares are comprised
233 of common or preferred stocks, bonds, money market instruments or
234 other investments authorized under this section. The investment
235 in commingled funds or shares shall be held in trust. Any
236 investment manager approved by the board of trustees shall invest
237 the commingled funds or shares as a fiduciary;

238 (i) Pooled or commingled real estate funds or real
239 estate securities managed by a corporate trustee or by a
240 Securities and Exchange Commission registered investment advisory
241 firm retained as an investment manager by the board of trustees,
242 provided that the total book value of investments under this
243 paragraph at no time shall exceed five percent (5%) of the total
244 book value of all investments of the total investment fund. The
245 investment in commingled funds or shares shall be held in trust.



246 Any investment manager approved by the board of trustees shall
247 invest the commingled funds or shares as a fiduciary.

248 (3) All investments shall be acquired at prices not
249 exceeding the prevailing market values for the securities.

250 (4) Any limitations set forth in this section shall be
251 applicable only at the time of purchase and shall not require the
252 liquidation of any investment at any time. All investments shall
253 be clearly marked to indicate ownership by the fund and to the
254 extent possible shall be registered in the name of the fund.

255 (5) Subject to the preceding terms, conditions, limitations
256 and restrictions, the board shall have power to sell, assign,
257 transfer and dispose of any of the securities and investments of
258 the fund, provided that the sale, assignment or transfer has the
259 majority approval of the entire board. The board may employ or
260 contract with investment managers, evaluation services or other
261 such services as determined by the board to be necessary for the
262 effective and efficient operation of the fund.

263 (6) Except as otherwise provided in this section, no trustee
264 and no employee of the board shall have any direct or indirect
265 interest in the income, gains or profits of any investment made by
266 the board, nor shall any such person receive any pay or emolument
267 for his services in connection with any investment made by the
268 board. No trustee or employee of the board shall become an
269 endorser or surety, or in any manner an obligor for money loaned
270 by or borrowed from the fund.

271 (7) All interest derived from investments and any gains from
272 the sale or exchange of investments shall be credited by the board
273 to the account of the fund.

274 (8) The board of trustees shall be the custodian and
275 fiduciary of the fund.

276 (9) For the purpose of meeting disbursements, cash may be
277 kept available, not exceeding the requirements of the fund for a
278 period of ninety (90) days, on deposit in one or more banks or



279 trust companies organized under the laws of the State of
280 Mississippi or the laws of the United States, provided that the
281 sum on deposit in any one (1) bank or trust company shall not
282 exceed thirty-five percent (35%) of the paid-up capital and
283 regular surplus of the bank or trust company.

284 (10) The board of trustees shall determine the degree of
285 collateralization necessary for both foreign and domestic demand
286 deposit accounts in addition to that which is guaranteed by the
287 Federal Deposit Insurance Corporation or such other federal
288 insurance program as may be in effect.

289 (11) The board, the executive director and employees shall
290 discharge their duties with respect to the investments of the
291 system solely for the interest of the fund with the care, skill,
292 prudence and diligence under the circumstances then prevailing
293 that a prudent person acting in a like capacity and familiar with
294 those matters would use in the conduct of an enterprise of a like
295 character and with like aims, including diversifying the
296 investments of the system so as to minimize the risk of large
297 losses, unless under the circumstances it is clearly prudent not
298 to do so.

299 (12) Investment management fees and costs shall be paid from
300 the fund.

301 **SECTION 3.** Section 25-11-123, Mississippi Code of 1972, is
302 amended as follows:

303 25-11-123. All of the assets of the system shall be credited
304 according to the purpose for which they are held to one (1) of
305 four (4) reserves; namely, the annuity savings account, the
306 annuity reserve, the employer's accumulation account, and the
307 expense account.

308 (a) **Annuity savings account.** In the annuity savings account
309 shall be accumulated the contributions made by members to provide
310 for their annuities, including interest thereon which shall be



311 posted monthly. Credits to and charges against the annuity
312 savings account shall be made as follows:

313 (1) Beginning July 1, 1991, the employer shall cause to
314 be deducted from the salary of each member on each and every
315 payroll of the employer for each and every payroll period seven
316 and one-fourth percent (7-1/4%) of earned compensation as defined
317 in Section 25-11-103. Future contributions shall be fixed
318 biennially by the board on the basis of the liabilities of the
319 retirement system for the various allowances and benefits as shown
320 by actuarial valuation; * * * however, * * * any member earning at
321 a rate less than Sixteen Dollars and Sixty-seven Cents (\$16.67)
322 per month, or Two Hundred Dollars (\$200.00) per year, shall
323 contribute not less than One Dollar (\$1.00) per month, or Twelve
324 Dollars (\$12.00) per year.

325 (2) The deductions provided herein shall be made
326 notwithstanding that the minimum compensation provided by law for
327 any member is reduced thereby. Every member shall be deemed to
328 consent and agree to the deductions made and provided for herein
329 and shall receipt for his full salary or compensation, and payment
330 of salary or compensation less the deduction shall be a full and
331 complete discharge and acquittance of all claims and demands
332 whatsoever for the services rendered by the person during the
333 period covered by the payment, except as to the benefits provided
334 under Articles 1 and 3. The board shall provide by rules for the
335 methods of collection of contributions from members and the
336 employer. The board shall have full authority to require the
337 production of evidence necessary to verify the correctness of
338 amounts contributed.

339 (b) **Annuity reserve.** The annuity reserve shall be the
340 account representing the actuarial value of all annuities in
341 force, and to it shall be charged all annuities and all benefits
342 in lieu of annuities, payable as provided in this article. If a
343 beneficiary retired on account of disability is restored to active



344 service with a compensation not less than his average final
345 compensation at the time of his last retirement, the remainder of
346 his contributions shall be transferred from the annuity reserve to
347 the annuity savings account and credited to his individual account
348 therein, and the balance of his annuity reserve shall be
349 transferred to the employer's accumulation account.

350 (c) **Employer's accumulation account.** The employer's
351 accumulation account shall represent the accumulation of all
352 reserves for the payment of all retirement allowances and other
353 benefits payable from contributions made by the employer, and
354 against this account shall be charged all retirement allowances
355 and other benefits on account of members. Credits to and charges
356 against the employer's accumulation account shall be made as
357 follows:

358 (1) On account of each member there shall be paid
359 monthly into the employer's accumulation account by the employers
360 for the preceding fiscal year an amount equal to a certain
361 percentage of the total earned compensation, as defined in Section
362 25-11-103, of each member. The percentage rate of those
363 contributions shall be fixed biennially by the board on the basis
364 of the liabilities of the retirement system for the various
365 allowances and benefits as shown by actuarial valuation.
366 Beginning January 1, 1990, the rate shall be fixed at nine and
367 three-fourths percent (9-3/4%). The board shall reduce the
368 employer's contribution rate by one percent (1%) from and after
369 July 1 of the year following the year in which the board
370 determines and the board's actuary certifies that the employer's
371 contribution rate can be reduced by that amount without causing
372 the unfunded accrued actuarial liability amortization period for
373 the retirement system to exceed twenty (20) years. Political
374 subdivisions joining Article 3 of the Public Employees' Retirement
375 System after July 1, 1968, may adjust the employer's contributions
376 by agreement with the Board of Trustees of the Public Employees'



377 Retirement System to provide service credits for any period before
378 execution of the agreement based upon an actuarial determination
379 of employer's contribution rates.

380 (2) On the basis of regular interest and of such
381 mortality and other tables as are adopted by the board of
382 trustees, the actuary engaged by the board to make each valuation
383 required by this article during the period over which the accrued
384 liability contribution is payable, immediately after making that
385 valuation, shall determine the uniform and constant percentage of
386 the earnable compensation of each member which, if contributed by
387 the employer on the basis of compensation of the member throughout
388 his entire period of membership service, would be sufficient to
389 provide for the payment of any retirement allowance payable on his
390 account for that service. The percentage rate so determined shall
391 be known as the "normal contribution rate." After the accrued
392 liability contribution has ceased to be payable, the normal
393 contribution rate shall be the percentage rate of the salary of
394 all members obtained by deducting from the total liabilities on
395 account of membership service the amount in the employer's
396 accumulation account, and dividing the remainder by one percent
397 (1%) of the present value of the prospective future salaries of
398 all members as computed on the basis of the mortality and service
399 tables adopted by the board of trustees and regular interest. The
400 normal rate of contributions shall be determined by the actuary
401 after each valuation.

402 (3) The total amount payable in each year to the
403 employer's accumulation account shall not be less than the sum of
404 the percentage rate known as the "normal contribution" rate and
405 the "accrued liability contribution" rate of the total
406 compensation earnable by all members during the preceding year,
407 provided that the payment by the employer shall be sufficient,
408 when combined with the amounts in the account, to provide the



409 allowances and other benefits chargeable to this account during
410 the year then current.

411 (4) The accrued liability contribution shall be
412 discontinued as soon as the accumulated balance in the employer's
413 accumulation account shall equal the present value, computed on
414 the basis of the normal contribution rate then in force, or the
415 prospective normal contributions to be received on account of all
416 persons who are at that time members.

417 (5) All allowances and benefits in lieu thereof, with
418 the exception of those payable on account of members who receive
419 no prior service credit, payable from contributions of the
420 employer, shall be paid from the employer's accumulation account.

421 (6) Upon the retirement of a member, an amount equal to
422 his retirement allowance shall be transferred from the employer's
423 accumulation account to the annuity reserve.

424 (d) **Expense account.** The expense account shall be the
425 account to which the expenses of the administration of the system
426 shall be charged, exclusive of amounts payable as retirement
427 allowances and as other benefits provided herein. The Legislature
428 shall make annual appropriations in amounts sufficient to
429 administer the system, which shall be credited to this account.
430 There shall be transferred to the State Treasury from this
431 account, not less than once per month, an amount sufficient for
432 payment of the estimated expenses of the system for the succeeding
433 thirty (30) days. Any interest earned on the expense account
434 shall accrue to the benefit of the system. * * * However, * * *
435 notwithstanding the provisions of Sections 25-11-15(10) and
436 25-11-105(f)(5)E, all expenses of the administration of the system
437 shall be paid from the interest earnings, provided the interest
438 earnings are in excess of the actuarial interest assumption as
439 determined by the board, and provided the present cost of the
440 administrative expense fee of two percent (2%) of the
441 contributions reported by the political subdivisions and



442 instrumentalities shall be reduced to one percent (1%) from and
443 after July 1, 1983, through June 30, 1984, and shall be eliminated
444 thereafter.

445 (e) **Collection of contributions.** The employer shall cause
446 to be deducted on each and every payroll of a member for each and
447 every payroll period, beginning subsequent to January 31, 1953,
448 the contributions payable by the member as provided in Articles 1
449 and 3.

450 The employer shall make deductions from salaries of employees
451 as provided in Articles 1 and 3 and shall transmit monthly, or at
452 such time as the board of trustees * * * designates, the amount
453 specified to be deducted to the Executive Director of the Public
454 Employees' Retirement System. The executive director, after
455 making a record of all those receipts, shall deposit such amounts
456 as provided by law.

457 (f) Upon the basis of each actuarial valuation provided
458 herein, the board of trustees shall biennially determine the
459 normal contribution rate and the accrued liability contribution
460 rate as provided in this section. The sum of these two (2) rates
461 shall be known as the "employer's contribution rate." Beginning
462 on earned compensation effective January 1, 1990, the rate
463 computed as provided in this section shall be nine and
464 three-fourths percent (9-3/4%). The board shall reduce the
465 employer's contribution rate by one percent (1%) from and after
466 July 1 of the year following the year in which the board
467 determines and the board's actuary certifies that the employer's
468 contribution rate can be reduced by that amount without causing
469 the unfunded accrued actuarial liability amortization period for
470 the retirement system to exceed twenty (20) years. The percentage
471 rate of those contributions shall be fixed biennially by the board
472 on the basis of the liabilities of the retirement system for the
473 various allowances and benefits as shown by actuarial
474 valuation. * * *



475 The amount payable by the employer on account of normal and
476 accrued liability contributions shall be determined by applying
477 the employer's contribution rate to the amount of compensation
478 earned by employees who are members of the system. Monthly, or at
479 such time as the board of trustees * * * designates, each
480 department or agency shall compute the amount of the employer's
481 contribution payable, with respect to the salaries of its
482 employees who are members of the system, and shall cause that
483 amount to be paid to the board of trustees from the personal
484 service allotment of the amount appropriated for the operation of
485 the department or agency, or from funds otherwise available to the
486 agency, for the payment of salaries to its employees.

487 Once each year, under procedures established by the system,
488 each employer shall submit to the Public Employees' Retirement
489 System a copy of their report to Social Security of all employees'
490 earnings.

491 The board shall provide by rules for the methods of
492 collection of contributions of employers and members. The amounts
493 determined due by an agency to the various funds as specified in
494 Articles 1 and 3 are made obligations of the agency to the board
495 and shall be paid as provided herein. Failure to deduct those
496 contributions shall not relieve the employee and employer from
497 liability thereof. Delinquent employee contributions and any
498 accrued interest shall be the obligation of the employee and
499 delinquent employer contributions and any accrued interest shall
500 be the obligation of the employer. The employer may, in its
501 discretion, elect to pay any or all of the interest on delinquent
502 employee contributions. From and after July 1, 1996, under rules
503 and regulations established by the board, all employers are
504 authorized and shall transfer all funds due to the Public
505 Employees' Retirement System electronically and shall transmit any
506 wage or other reports by computerized reporting systems.



507 **SECTION 4.** Section 25-15-3, Mississippi Code of 1972, is
508 amended as follows:

509 [Through June 30 of the year in which Section 25-11-143
510 becomes effective as provided in subsection (1) of Section
511 25-11-143, this section shall read as follows:]

512 25-15-3. For the purposes of this article, the words and
513 phrases used herein shall have the following meanings:

514 (a) "Employee" means a person who works full time for
515 the State of Mississippi and receives his compensation in a direct
516 payment from a department, agency or institution of the state
517 government and any person who works full time for any school
518 district, community/junior college, public library or
519 university-based program authorized under Section 37-23-31 for
520 deaf, aphasic and emotionally disturbed children or any regular
521 nonstudent bus driver. This shall include legislators, employees
522 of the legislative branch and the judicial branch of the state and
523 "employees" shall include full-time salaried judges and full-time
524 district attorneys and their staff and full-time compulsory school
525 attendance officers. For the purposes of this article, any
526 "employee" making contributions to the State of Mississippi
527 retirement plan shall be considered a full-time employee.

528 (b) "Department" means the Department of Finance and
529 Administration.

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

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

534 (e) "Retiree" means any employee retired under the
535 Mississippi retirement plan.

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



538 [From and after July 1 of the year in which Section 25-11-143
539 becomes effective as provided in subsection (1) of Section
540 25-11-143, this section shall read as follows:]

541 25-15-3. For the purposes of this article, the words and
542 phrases used in this section shall have the following meanings:

543 (a) "Employee" means a person who works full time for
544 the State of Mississippi and receives his compensation in a direct
545 payment from a department, agency or institution of the state
546 government, and any person who works full time for any school
547 district, community/junior college, public library,
548 university-based program authorized under Section 37-23-31 for
549 deaf, aphasic and emotionally disturbed children, or any regular
550 nonstudent bus driver. This term includes legislators, employees
551 of the legislative branch and the judicial branch of the state,
552 full-time salaried judges and full-time district attorneys and
553 their staff, and full-time compulsory school attendance officers.
554 For the purposes of this article, any "employee" making
555 contributions to the Public Employees' Retirement System or the
556 Highway Safety Patrol Retirement System shall be considered a
557 full-time employee.

558 (b) "Department" means the Department of Finance and
559 Administration.

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

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

564 * * *

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

567 **SECTION 5.** Section 25-15-9, Mississippi Code of 1972, is
568 amended as follows:



569 [Through June 30 of the year in which Section 25-11-143
570 becomes effective as provided in subsection (1) of Section
571 25-11-143, this section shall read as follows:]

572 25-15-9. (1) (a) The board shall design a plan of health
573 insurance for state employees which provides benefits for
574 semiprivate rooms in addition to other incidental coverages which
575 the board deems necessary. The amount of the coverages shall be
576 in such reasonable amount as may be determined by the board to be
577 adequate, after due consideration of current health costs in
578 Mississippi. The plan shall also include major medical benefits
579 in such amounts as the board shall determine. The board is also
580 authorized to accept bids for such alternate coverage and optional
581 benefits as the board shall deem proper. Any contract for
582 alternative coverage and optional benefits shall be awarded by the
583 board after it has carefully studied and evaluated the bids and
584 selected the best and most cost-effective bid. The board may
585 reject all such bids; however, the board shall notify all bidders
586 of the rejection and shall actively solicit new bids if all bids
587 are rejected. The board may employ or contract for such
588 consulting or actuarial services as may be necessary to formulate
589 the plan, and to assist the board in the preparation of
590 specifications and in the process of advertising for the bids for
591 the plan. Such contracts shall be solicited and entered into in
592 accordance with Section 25-15-5. The board shall keep a record of
593 all persons, agents and corporations who contract with or assist
594 the board in preparing and developing the plan. The board in a
595 timely manner shall provide copies of this record to the members
596 of the advisory council created in this section and those
597 legislators, or their designees, who may attend meetings of the
598 advisory council. The board shall provide copies of this record
599 in the solicitation of bids for the administration or servicing of
600 the self-insured program. Each person, agent or corporation
601 which, during the previous fiscal year, has assisted in the



602 development of the plan or employed or compensated any person who
603 assisted in the development of the plan, and which bids on the
604 administration or servicing of the plan, shall submit to the board
605 a statement accompanying the bid explaining in detail its
606 participation with the development of the plan. This statement
607 shall include the amount of compensation paid by the bidder to any
608 such employee during the previous fiscal year. The board shall
609 make all such information available to the members of the advisory
610 council and those legislators, or their designees, who may attend
611 meetings of the advisory council before any action is taken by the
612 board on the bids submitted. The failure of any bidder to fully
613 and accurately comply with this paragraph shall result in the
614 rejection of any bid submitted by that bidder or the cancellation
615 of any contract executed when the failure is discovered after the
616 acceptance of that bid. The board is authorized to promulgate
617 rules and regulations to implement the provisions of this
618 subsection.

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

622 Any corporation, association, company or individual that
623 contracts with the board for the third-party claims administration
624 of the self-insured plan shall prepare and keep on file an
625 explanation of benefits for each claim processed. The explanation
626 of benefits shall contain such information relative to each
627 processed claim which the board deems necessary, and, at a
628 minimum, each explanation shall provide the claimant's name, claim
629 number, provider number, provider name, service dates, type of
630 services, amount of charges, amount allowed to the claimant and
631 reason codes. The information contained in the explanation of
632 benefits shall be available for inspection upon request by the
633 board. The board shall have access to all claims information
634 utilized in the issuance of payments to employees and providers.



635 (b) There is created an advisory council to advise the
636 board in the formulation of the State and School Employees Health
637 Insurance Plan. The council shall be composed of the State
638 Insurance Commissioner or his designee, an employee-representative
639 of the institutions of higher learning appointed by the board of
640 trustees thereof, an employee-representative of the Department of
641 Transportation appointed by the director thereof, an
642 employee-representative of the State Tax Commission appointed by
643 the Commissioner of Revenue, an employee-representative of the
644 Mississippi Department of Health appointed by the State Health
645 Officer, an employee-representative of the Mississippi Department
646 of Corrections appointed by the Commissioner of Corrections, and
647 an employee-representative of the Department of Human Services
648 appointed by the Executive Director of Human Services, two (2)
649 certificated public school administrators appointed by the State
650 Board of Education, two (2) certificated classroom teachers
651 appointed by the State Board of Education, a noncertificated
652 school employee appointed by the State Board of Education and a
653 community/junior college employee appointed by the State Board for
654 Community and Junior Colleges.

655 The Lieutenant Governor may designate the Secretary of the
656 Senate, the Chairman of the Senate Appropriations Committee, the
657 Chairman of the Senate Education Committee and the Chairman of the
658 Senate Insurance Committee, and the Speaker of the House of
659 Representatives may designate the Clerk of the House, the Chairman
660 of the House Appropriations Committee, the Chairman of the House
661 Education Committee and the Chairman of the House Insurance
662 Committee, to attend any meeting of the State and School Employees
663 Insurance Advisory Council. The appointing authorities may
664 designate an alternate member from their respective houses to
665 serve when the regular designee is unable to attend such meetings
666 of the council. Such designees shall have no jurisdiction or vote
667 on any matter within the jurisdiction of the council. For



668 attending meetings of the council, such legislators shall receive
669 per diem and expenses which shall be paid from the contingent
670 expense funds of their respective houses in the same amounts as
671 provided for committee meetings when the Legislature is not in
672 session; however, no per diem and expenses for attending meetings
673 of the council will be paid while the Legislature is in session.
674 No per diem and expenses will be paid except for attending
675 meetings of the council without prior approval of the proper
676 committee in their respective houses.

677 (c) No change in the terms of the State and School
678 Employees Health Insurance Plan may be made effective unless the
679 board, or its designee, has provided notice to the State and
680 School Employees Health Insurance Advisory Council and has called
681 a meeting of the council at least fifteen (15) days before the
682 effective date of such change. In the event that the State and
683 School Employees Health Insurance Advisory Council does not meet
684 to advise the board on the proposed changes, the changes to the
685 plan shall become effective at such time as the board has informed
686 the council that the changes shall become effective.

687 (d) **Medical benefits for retired employees and**
688 **dependents under age sixty-five (65) years and not eligible for**
689 **Medicare benefits.** The same health insurance coverage as for all
690 other active employees and their dependents shall be available to
691 retired employees and all dependents under age sixty-five (65)
692 years who are not eligible for Medicare benefits, the level of
693 benefits to be the same level as for all other active
694 participants. This section will apply to those employees who
695 retire due to one hundred percent (100%) medical disability as
696 well as those employees electing early retirement.

697 (e) **Medical benefits for retired employees and**
698 **dependents over age sixty-five (65) years or otherwise eligible**
699 **for Medicare benefits.** The health insurance coverage available to
700 retired employees over age sixty-five (65) years or otherwise



701 eligible for Medicare benefits, and all dependents over age
702 sixty-five (65) years or otherwise eligible for Medicare benefits,
703 shall be the major medical coverage with the lifetime maximum of
704 One Million Dollars (\$1,000,000.00). Benefits shall be reduced by
705 Medicare benefits as though such Medicare benefits were the base
706 plan.

707 All covered individuals shall be assumed to have full
708 Medicare coverage, Parts A and B; and any Medicare payments under
709 both Parts A and B shall be computed to reduce benefits payable
710 under this plan.

711 (2) Nonduplication of benefits--reduction of benefits by
712 Title XIX benefits: When benefits would be payable under more
713 than one (1) group plan, benefits under those plans will be
714 coordinated to the extent that the total benefits under all plans
715 will not exceed the total expenses incurred.

716 Benefits for hospital or surgical or medical benefits shall
717 be reduced by any similar benefits payable in accordance with
718 Title XIX of the Social Security Act or under any amendments
719 thereto, or any implementing legislation.

720 Benefits for hospital or surgical or medical benefits shall
721 be reduced by any similar benefits payable by workers'
722 compensation.

723 (3) (a) Schedule of life insurance benefits--group term:
724 The amount of term life insurance for each active employee of a
725 department, agency or institution of the state government shall
726 not be in excess of One Hundred Thousand Dollars (\$100,000.00), or
727 twice the amount of the employee's annual wage to the next highest
728 One Thousand Dollars (\$1,000.00), whichever may be less, but in no
729 case less than Thirty Thousand Dollars (\$30,000.00), with a like
730 amount for accidental death and dismemberment on a
731 twenty-four-hour basis. The plan will further contain a premium
732 waiver provision if a covered employee becomes totally and
733 permanently disabled prior to age sixty-five (65) years.



734 Employees retiring after June 30, 1999, shall be eligible to
735 continue life insurance coverage in an amount of Five Thousand
736 Dollars (\$5,000.00), Ten Thousand Dollars (\$10,000.00) or Twenty
737 Thousand Dollars (\$20,000.00) into retirement.

738 (b) Effective October 1, 1999, schedule of life
739 insurance benefits--group term: The amount of term life insurance
740 for each active employee of any school district, community/junior
741 college, public library or university-based program authorized
742 under Section 37-23-31 for deaf, aphasic and emotionally disturbed
743 children or any regular nonstudent bus driver shall not be in
744 excess of One Hundred Thousand Dollars (\$100,000.00), or twice the
745 amount of the employee's annual wage to the next highest One
746 Thousand Dollars (\$1,000.00), whichever may be less, but in no
747 case less than Thirty Thousand Dollars (\$30,000.00), with a like
748 amount for accidental death and dismemberment on a
749 twenty-four-hour basis. The plan will further contain a premium
750 waiver provision if a covered employee of any school district,
751 community/junior college, public library or university-based
752 program authorized under Section 37-23-31 for deaf, aphasic and
753 emotionally disturbed children or any regular nonstudent bus
754 driver becomes totally and permanently disabled prior to age
755 sixty-five (65) years. Employees of any school district,
756 community/junior college, public library or university-based
757 program authorized under Section 37-23-31 for deaf, aphasic and
758 emotionally disturbed children or any regular nonstudent bus
759 driver retiring after September 30, 1999, shall be eligible to
760 continue life insurance coverage in an amount of Five Thousand
761 Dollars (\$5,000.00), Ten Thousand Dollars (\$10,000.00) or Twenty
762 Thousand Dollars (\$20,000.00) into retirement.

763 (4) Any eligible employee who on March 1, 1971, was
764 participating in a group life insurance program which has
765 provisions different from those included herein and for which the
766 State of Mississippi was paying a part of the premium may, at his



767 discretion, continue to participate in such plan. Such employee
768 shall pay in full all additional costs, if any, above the minimum
769 program established by this article. Under no circumstances shall
770 any individual who begins employment with the state after March 1,
771 1971, be eligible for the provisions of this paragraph.

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

774 (6) Any premium differentials, differences in coverages,
775 discounts determined by risk or by any other factors shall be
776 uniformly applied to all active employees participating in the
777 insurance plan. It is the intent of the Legislature that the
778 state contribution to the plan be the same for each employee
779 throughout the state.

780 (7) On October 1, 1999, any school district,
781 community/junior college district or public library may elect to
782 remain with an existing policy or policies of group life insurance
783 with an insurance company approved by the State and School
784 Employees Health Insurance Management Board, in lieu of
785 participation in the State and School Life Insurance Plan. The
786 state's contribution of up to fifty percent (50%) of the active
787 employee's premium under the State and School Life Insurance Plan
788 may be applied toward the cost of coverage for full-time employees
789 participating in the approved life insurance company group plan.
790 For purposes of this subsection (7), "life insurance company group
791 plan" means a plan administered or sold by a private insurance
792 company. After October 1, 1999, the board may assess charges in
793 addition to the existing State and School Life Insurance Plan
794 rates to such employees as a condition of enrollment in the State
795 and School Life Insurance Plan. In order for any life insurance
796 company group plan existing as of October 1, 1999, to be approved
797 by the State and School Employees Health Insurance Management
798 Board under this subsection (7), it shall meet the following
799 criteria:



800 (a) The insurance company offering the group life
801 insurance plan shall be rated "A-" or better by A.M. Best state
802 insurance rating service and be licensed as an admitted carrier in
803 the State of Mississippi by the Mississippi Department of
804 Insurance.

805 (b) The insurance company group life insurance plan
806 shall provide the same life insurance, accidental death and
807 dismemberment insurance and waiver of premium benefits as provided
808 in the State and School Life Insurance Plan.

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

812 (d) The insurance company group life insurance plan
813 shall have one (1) composite rate per One Thousand Dollars
814 (\$1,000.00) of coverage for active employees regardless of age and
815 one (1) composite rate per One Thousand Dollars (\$1,000.00) of
816 coverage for all retirees regardless of age or type of retiree.

817 (e) The insurance company and its group life insurance
818 plan shall comply with any administrative requirements of the
819 State and School Employees Health Insurance Management Board. In
820 the event any insurance company providing group life insurance
821 benefits to employees under this subsection (7) fails to comply
822 with any requirements specified herein or any administrative
823 requirements of the board, the state shall discontinue providing
824 funding for the cost of such insurance.

825 **[From and after July 1 of the year in which Section 25-11-143**
826 **becomes effective as provided in subsection (1) of Section**
827 **25-11-143, this section shall read as follows:]**

828 25-15-9. (1) (a) The board shall design a plan of health
829 insurance for state employees that provides benefits for
830 semiprivate rooms in addition to other incidental coverages that
831 the board deems necessary. The amount of the coverages shall be
832 in such reasonable amount as may be determined by the board to be



833 adequate, after due consideration of current health costs in
834 Mississippi. The plan shall also include major medical benefits
835 in such amounts as the board shall determine. The board is also
836 authorized to accept bids for such alternate coverage and optional
837 benefits as the board * * * deems proper. Any contract for
838 alternative coverage and optional benefits shall be awarded by the
839 board after it has carefully studied and evaluated the bids and
840 selected the best and most cost-effective bid. The board may
841 reject all such bids; however, the board shall notify all bidders
842 of the rejection and shall actively solicit new bids if all bids
843 are rejected. The board may employ or contract for such
844 consulting or actuarial services as may be necessary to formulate
845 the plan, and to assist the board in the preparation of
846 specifications and in the process of advertising for the bids for
847 the plan. Those contracts shall be solicited and entered into in
848 accordance with Section 25-15-5. The board shall keep a record of
849 all persons, agents and corporations who contract with or assist
850 the board in preparing and developing the plan. The board in a
851 timely manner shall provide copies of this record to the members
852 of the advisory council created in this section and those
853 legislators, or their designees, who may attend meetings of the
854 advisory council. The board shall provide copies of this record
855 in the solicitation of bids for the administration or servicing of
856 the self-insured program. Each person, agent or corporation that,
857 during the previous fiscal year, has assisted in the development
858 of the plan or employed or compensated any person who assisted in
859 the development of the plan, and that bids on the administration
860 or servicing of the plan, shall submit to the board a statement
861 accompanying the bid explaining in detail its participation with
862 the development of the plan. This statement shall include the
863 amount of compensation paid by the bidder to any such employee
864 during the previous fiscal year. The board shall make all such
865 information available to the members of the advisory council and



866 those legislators, or their designees, who may attend meetings of
867 the advisory council before any action is taken by the board on
868 the bids submitted. The failure of any bidder to fully and
869 accurately comply with this paragraph shall result in the
870 rejection of any bid submitted by that bidder or the cancellation
871 of any contract executed when the failure is discovered after the
872 acceptance of that bid. The board is authorized to promulgate
873 rules and regulations to implement the provisions of this
874 subsection.

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

878 Any corporation, association, company or individual that
879 contracts with the board for the third-party claims administration
880 of the self-insured plan shall prepare and keep on file an
881 explanation of benefits for each claim processed. The explanation
882 of benefits shall contain such information relative to each
883 processed claim which the board deems necessary, and, at a
884 minimum, each explanation shall provide the claimant's name, claim
885 number, provider number, provider name, service dates, type of
886 services, amount of charges, amount allowed to the claimant and
887 reason codes. The information contained in the explanation of
888 benefits shall be available for inspection upon request by the
889 board. The board shall have access to all claims information
890 utilized in the issuance of payments to employees and providers.

891 (b) There is created an advisory council to advise the
892 board in the formulation of the State and School Employees Health
893 Insurance Plan. The council shall be composed of the State
894 Insurance Commissioner or his designee, an employee-representative
895 of the state institutions of higher learning appointed by the
896 board of trustees thereof, an employee-representative of the
897 Mississippi Department of Transportation appointed by the director
898 thereof, an employee-representative of the State Tax Commission



899 appointed by the Commissioner of Revenue, an
900 employee-representative of the State Department of Health
901 appointed by the State Health Officer, an employee-representative
902 of the Mississippi Department of Corrections appointed by the
903 Commissioner of Corrections, and an employee-representative of the
904 Mississippi Department of Human Services appointed by the
905 Executive Director of Human Services, two (2) certificated public
906 school administrators appointed by the State Board of Education,
907 two (2) certificated classroom teachers appointed by the State
908 Board of Education, a noncertificated school employee appointed by
909 the State Board of Education and a community/junior college
910 employee appointed by the State Board for Community and Junior
911 Colleges.

912 The Lieutenant Governor may designate the Secretary of the
913 Senate, the Chairman of the Senate Appropriations Committee, the
914 Chairman of the Senate Education Committee and the Chairman of the
915 Senate Insurance Committee, and the Speaker of the House of
916 Representatives may designate the Clerk of the House, the Chairman
917 of the House Appropriations Committee, the Chairman of the House
918 Education Committee and the Chairman of the House Insurance
919 Committee, to attend any meeting of the State and School Employees
920 Insurance Advisory Council. The appointing authorities may
921 designate an alternate member from their respective houses to
922 serve when the regular designee is unable to attend such meetings
923 of the council. Those designees shall have no jurisdiction or
924 vote on any matter within the jurisdiction of the council. For
925 attending meetings of the council, those legislators shall receive
926 per diem and expenses, which shall be paid from the contingent
927 expense funds of their respective houses in the same amounts as
928 provided for committee meetings when the Legislature is not in
929 session; however, no per diem and expenses for attending meetings
930 of the council will be paid while the Legislature is in session.
931 No per diem and expenses will be paid except for attending



932 meetings of the council without prior approval of the proper
933 committee in their respective houses.

934 (c) No change in the terms of the State and School
935 Employees Health Insurance Plan may be made effective unless the
936 board, or its designee, has provided notice to the State and
937 School Employees Health Insurance Advisory Council and has called
938 a meeting of the council at least fifteen (15) days before the
939 effective date of the change. If the State and School Employees
940 Health Insurance Advisory Council does not meet to advise the
941 board on the proposed changes, the changes to the plan will become
942 effective at such time as the board has informed the council that
943 the changes will become effective.

944 * * *

945 (2) Nonduplication of benefits--reduction of benefits by
946 Title XIX benefits: When benefits would be payable under more
947 than one (1) group plan, benefits under those plans will be
948 coordinated to the extent that the total benefits under all plans
949 will not exceed the total expenses incurred.

950 Benefits for hospital or surgical or medical benefits shall
951 be reduced by any similar benefits payable in accordance with
952 Title XIX of the Social Security Act or under any amendments
953 thereto, or any implementing legislation.

954 Benefits for hospital or surgical or medical benefits shall
955 be reduced by any similar benefits payable by workers'
956 compensation.

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



964 amount for accidental death and dismemberment on a
965 twenty-four-hour basis. * * *

966 (b) Effective October 1, 1999, schedule of life
967 insurance benefits--group term: The amount of term life insurance
968 for each active employee of any school district, community/junior
969 college, public library, university-based program authorized under
970 Section 37-23-31 for deaf, aphasic and emotionally disturbed
971 children, or any regular nonstudent bus driver shall not be in
972 excess of One Hundred Thousand Dollars (\$100,000.00), or twice the
973 amount of the employee's annual wage to the next highest One
974 Thousand Dollars (\$1,000.00), whichever may be less, but in no
975 case less than Thirty Thousand Dollars (\$30,000.00), with a like
976 amount for accidental death and dismemberment on a
977 twenty-four-hour basis. The plan will further contain a premium
978 waiver provision if a covered employee of any school district,
979 community/junior college, public library, university-based program
980 authorized under Section 37-23-31 for deaf, aphasic and
981 emotionally disturbed children, or any regular nonstudent bus
982 driver becomes totally and permanently disabled before age
983 sixty-five (65) years. * * *

984 (4) Any eligible employee who on March 1, 1971, was
985 participating in a group life insurance program that has
986 provisions different from those included in this section and for
987 which the State of Mississippi was paying a part of the premium
988 may, at his discretion, continue to participate in that plan. The
989 employee shall pay in full all additional costs, if any, above the
990 minimum program established by this article. Under no
991 circumstances shall any individual who begins employment with the
992 state after March 1, 1971, be eligible for the provisions of this
993 paragraph.

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



996 (6) Any premium differentials, differences in coverages,
997 discounts determined by risk or by any other factors shall be
998 uniformly applied to all active employees participating in the
999 insurance plan. It is the intent of the Legislature that the
1000 state contribution to the plan be the same for each employee
1001 throughout the state.

1002 (7) On October 1, 1999, any school district,
1003 community/junior college district or public library may elect to
1004 remain with an existing policy or policies of group life insurance
1005 with an insurance company approved by the State and School
1006 Employees Health Insurance Management Board, in lieu of
1007 participation in the State and School Life Insurance Plan. The
1008 state's contribution of up to fifty percent (50%) of the active
1009 employee's premium under the State and School Life Insurance Plan
1010 may be applied toward the cost of coverage for full-time employees
1011 participating in the approved life insurance company group plan.
1012 For purposes of this subsection (7), "life insurance company group
1013 plan" means a plan administered or sold by a private insurance
1014 company. After October 1, 1999, the board may assess charges in
1015 addition to the existing State and School Life Insurance Plan
1016 rates to those employees as a condition of enrollment in the State
1017 and School Life Insurance Plan. In order for any life insurance
1018 company group plan existing as of October 1, 1999, to be approved
1019 by the State and School Employees Health Insurance Management
1020 Board under this subsection (7), it shall meet the following
1021 criteria:

1022 (a) The insurance company offering the group life
1023 insurance plan shall be rated "A-" or better by A.M. Best state
1024 insurance rating service and be licensed as an admitted carrier in
1025 the State of Mississippi by the Mississippi Department of
1026 Insurance.

1027 (b) The insurance company group life insurance plan
1028 shall provide the same life insurance, accidental death and



1029 dismemberment insurance and waiver of premium benefits as provided
1030 in the State and School Life Insurance Plan.

1031 (c) The insurance company group life insurance plan
1032 shall be fully insured, and no form of self-funding life insurance
1033 by such company shall be approved.

1034 (d) The insurance company group life insurance plan
1035 shall have one (1) composite rate per One Thousand Dollars
1036 (\$1,000.00) of coverage for active employees regardless of
1037 age * * *.

1038 (e) The insurance company and its group life insurance
1039 plan shall comply with any administrative requirements of the
1040 State and School Employees Health Insurance Management Board. If
1041 any insurance company providing group life insurance benefits to
1042 employees under this subsection (7) fails to comply with any
1043 requirements specified in this subsection or any administrative
1044 requirements of the board, the state shall discontinue providing
1045 funding for the cost of that insurance.

1046 **SECTION 6.** Section 25-15-11, Mississippi Code of 1972, is
1047 amended as follows:

1048 **[Through June 30 of the year in which Section 25-11-143**
1049 **becomes effective as provided in subsection (1) of Section**
1050 **25-11-143, this section shall read as follows:]**

1051 25-15-11. (1) The board is authorized to execute a contract
1052 or contracts to provide the benefits under the plan. Such
1053 contract or contracts may be executed with one or more
1054 corporations or associations licensed to transact life and
1055 accident and health insurance business in this state; however, no
1056 such contract shall be executed with any corporation, association
1057 or company domiciled in any other state except that such
1058 corporation, association or company shall meet the conditions and
1059 terms for a like contract established by the state of the domicile
1060 of such corporation, association or company for a Mississippi
1061 corporation, association or company. No corporation, association



1062 or company with less than five (5) years' experience in the life
1063 and health field may bid. All of the benefits to be provided
1064 under the plan may be included in one or more similar contracts,
1065 or the benefits may be classified into different types with each
1066 type included under one or more similar contracts issued by the
1067 same or different companies.

1068 The board shall supply the statistical information upon which
1069 a quotation is to be calculated, upon request, to all carriers
1070 licensed in the state. Bids may be accepted at the discretion of
1071 the board, and the board shall have the right to adjust rates on
1072 an annual basis if the board shall deem such adjustment necessary.
1073 The plan for active employees shall be on retention accounting
1074 basis, and a separate retention accounting basis shall be used for
1075 retired employees. Any additional written information the carrier
1076 wishes to submit, supporting the proposed benefits and premium
1077 rate, may accompany the proposal. After receiving the proposals,
1078 the board shall determine whether to contract with the carrier
1079 which has been determined to have submitted the lowest and best
1080 bid, or to reject all such bids and receive new proposals.

1081 The board shall authorize any corporation licensed to
1082 transact accident and health insurance business in this state
1083 issuing any such contract to reinsure portions of such contract
1084 with any other such corporation which elected to be a reinsurer
1085 and is legally competent to enter into a reinsurance agreement.
1086 The board may designate one or more of such corporations as the
1087 administering corporation or corporations. Each employee who is
1088 covered under any such contract or contracts shall receive a
1089 certificate setting forth the benefits to which the employee is
1090 entitled thereunder, to whom such benefits shall be payable, to
1091 whom claims should be submitted, and summarizing the provisions of
1092 the contract principally affecting the employee. Such certificate
1093 shall be in lieu of the certificate which the corporation or



1094 corporations issuing such contract or contracts would otherwise
1095 issue.

1096 The board may, as of the end of any contract year,
1097 discontinue any contract or contracts it has executed with any
1098 corporation or corporations and replace it or them with a contract
1099 or contracts in any other corporation or corporations meeting the
1100 requirements of this section.

1101 The board may reject any and all bids and contracts under
1102 this section and may elect for the state to become a self-insurer;
1103 however, administration and service of any such self-insured
1104 program may be contracted to a third party by the board.

1105 Any contract with a third party to administer the plan shall
1106 be bid and entered into in accordance with the procedures provided
1107 in Section 25-15-301.

1108 (2) By September 30 of each year, the board shall report to
1109 the Joint Legislative Budget Committee, Senate Insurance
1110 Committee, House Insurance Committee, Senate Education Committee,
1111 House Education Committee and Joint Legislative Committee on
1112 Performance Evaluation and Expenditure Review the condition of the
1113 State and School Employees Life and Health Insurance Plan. Such
1114 report shall contain for the most recently completed fiscal year,
1115 but not be limited to, the following:

1116 (a) The plan's financial condition at the close of the
1117 fiscal year.

1118 (b) The history of yearly claims paid and premiums
1119 received for each premium class, including, but not limited to,
1120 active employees, dependents and retirees.

1121 (c) The history of loss ratios for the active
1122 employees, dependents and retirees premium classes as well as
1123 historical trend of such ratios. For the purposes of this
1124 section, the term "loss ratios" means claims paid by the plan for
1125 each premium class divided by premiums received by the plan for
1126 insurance coverage of the members in that premium class.



- 1127 (d) Budgetary information, including:
- 1128 (i) A detailed breakdown of all expenditures of
- 1129 the plan, administrative and otherwise, for the most recently
- 1130 completed fiscal year and projected expenditures, administrative
- 1131 and otherwise, for the current and next fiscal year;
- 1132 (ii) A schedule of all contracts, administrative
- 1133 and otherwise, executed for the benefit of the plan during the
- 1134 most recent completed fiscal year and those executed and
- 1135 anticipated for the current fiscal year; and
- 1136 (iii) A description of the processes used by the
- 1137 board to procure all contracts, administrative and otherwise, as
- 1138 well as a description of the scope of services to be provided by
- 1139 each contractor.

1140 Budgetary information shall be provided in a format

1141 designated by the Joint Legislative Budget Committee.

1142 The Joint Legislative Budget Committee, Senate Insurance

1143 Committee, House Insurance Committee, Senate Education Committee,

1144 House Education Committee and Joint Legislative Committee on

1145 Performance Evaluation and Expenditure Review may request

1146 additional information or reports from the board on an as-needed

1147 basis.

1148 (3) Annually, the board shall request, and the Department of

1149 Audit shall conduct, a comprehensive audit of the State and School

1150 Employees Life and Health Insurance Plan. For purposes of this

1151 section, the audit required herein shall be separate and distinct

1152 from any audit prepared in conjunction with the development of the

1153 Comprehensive Annual Financial Report (CAFR).

1154 **[From and after July 1 of the year in which Section 25-11-143**

1155 **becomes effective as provided in subsection (1) of Section**

1156 **25-11-143, this section shall read as follows:]**

1157 25-15-11. (1) The board is authorized to execute a contract

1158 or contracts to provide the benefits under the plan. That

1159 contract or contracts may be executed with one or more



1160 corporations or associations licensed to transact life and
1161 accident and health insurance business in this state; however, no
1162 such contract shall be executed with any corporation, association
1163 or company domiciled in any other state unless the corporation,
1164 association or company * * * meets the conditions and terms for a
1165 like contract established by the state of the domicile of the
1166 corporation, association or company for a Mississippi corporation,
1167 association or company. No corporation, association or company
1168 with less than five (5) years' experience in the life and health
1169 field may bid. All of the benefits to be provided under the plan
1170 may be included in one or more similar contracts, or the benefits
1171 may be classified into different types with each type included
1172 under one or more similar contracts issued by the same or
1173 different companies.

1174 The board shall supply the statistical information upon which
1175 a quotation is to be calculated, upon request, to all carriers
1176 licensed in the state. Bids may be accepted at the discretion of
1177 the board, and the board shall have the right to adjust rates on
1178 an annual basis if the board * * * deems the adjustment necessary.
1179 The plan for active employees shall be on retention accounting
1180 basis * * *. Any additional written information the carrier
1181 wishes to submit, supporting the proposed benefits and premium
1182 rate, may accompany the proposal. After receiving the proposals,
1183 the board shall determine whether to contract with the carrier
1184 that has been determined to have submitted the lowest and best
1185 bid, or to reject all the bids and receive new proposals.

1186 The board shall authorize any corporation licensed to
1187 transact accident and health insurance business in this state
1188 issuing any such contract to reinsure portions of the contract
1189 with any other such corporation that elected to be a reinsurer and
1190 is legally competent to enter into a reinsurance agreement. The
1191 board may designate one or more of those corporations as the
1192 administering corporation or corporations. Each employee who is



1193 covered under any such contract or contracts shall receive a
1194 certificate setting forth the benefits to which the employee is
1195 entitled under the contracts, to whom the benefits will be
1196 payable, to whom claims should be submitted, and summarizing the
1197 provisions of the contract principally affecting the employee.
1198 The certificate shall be in lieu of the certificate that the
1199 corporation or corporations issuing the contract or contracts
1200 would otherwise issue.

1201 The board may, as of the end of any contract year,
1202 discontinue any contract or contracts it has executed with any
1203 corporation or corporations and replace it or them with a contract
1204 or contracts in any other corporation or corporations meeting the
1205 requirements of this section.

1206 The board may reject any and all bids and contracts under
1207 this section and may elect for the state to become a self-insurer;
1208 however, administration and service of any such self-insured
1209 program may be contracted to a third party by the board.

1210 Any contract with a third party to administer the plan shall
1211 be bid and entered into in accordance with the procedures provided
1212 in Section 25-15-301.

1213 (2) By September 30 of each year, the board shall report to
1214 the Joint Legislative Budget Committee, Senate Insurance
1215 Committee, House Insurance Committee, Senate Education Committee,
1216 House Education Committee and Joint Legislative Committee on
1217 Performance Evaluation and Expenditure Review the condition of the
1218 State and School Employees Life and Health Insurance Plan. The
1219 report shall contain for the most recently completed fiscal year,
1220 but not be limited to, the following:

1221 (a) The plan's financial condition at the close of the
1222 fiscal year.

1223 (b) The history of yearly claims paid and premiums
1224 received for each premium class, including, but not limited to,
1225 active employees and dependents * * *.



1226 (c) The history of loss ratios for the active employees
1227 and dependents * * * premium classes as well as historical trend
1228 of the ratios. For the purposes of this section, the term "loss
1229 ratios" means claims paid by the plan for each premium class
1230 divided by premiums received by the plan for insurance coverage of
1231 the members in that premium class.

1232 (d) Budgetary information, including:

1233 (i) A detailed breakdown of all expenditures of
1234 the plan, administrative and otherwise, for the most recently
1235 completed fiscal year and projected expenditures, administrative
1236 and otherwise, for the current and next fiscal year;

1237 (ii) A schedule of all contracts, administrative
1238 and otherwise, executed for the benefit of the plan during the
1239 most recent completed fiscal year and those executed and
1240 anticipated for the current fiscal year; and

1241 (iii) A description of the processes used by the
1242 board to procure all contracts, administrative and otherwise, as
1243 well as a description of the scope of services to be provided by
1244 each contractor.

1245 Budgetary information shall be provided in a format
1246 designated by the Joint Legislative Budget Committee.

1247 The Joint Legislative Budget Committee, Senate Insurance
1248 Committee, House Insurance Committee, Senate Education Committee,
1249 House Education Committee and Joint Legislative Committee on
1250 Performance Evaluation and Expenditure Review may request
1251 additional information or reports from the board on an as-needed
1252 basis.

1253 (3) Annually, the board shall request, and the Department of
1254 Audit shall conduct, a comprehensive audit of the State and School
1255 Employees Life and Health Insurance Plan. For purposes of this
1256 section, the audit required herein shall be separate and distinct
1257 from any audit prepared in conjunction with the development of the
1258 Comprehensive Annual Financial Report (CAFR).



1259 **SECTION 7.** Section 25-15-14, Mississippi Code of 1972, is
1260 amended as follows:

1261 **[Through June 30 of the year in which Section 25-11-143**
1262 **becomes effective as provided in subsection (1) of Section**
1263 **25-11-143, this section shall read as follows:]**

1264 25-15-14. Any elected state or district official who does
1265 not run for reelection or who is defeated before being entitled to
1266 receive a retirement allowance shall be eligible to continue to
1267 participate in the State and School Employees Health Insurance
1268 Plan under the same conditions and coverages for retired
1269 employees.

1270 **[From and after July 1 of the year in which Section 25-11-143**
1271 **becomes effective as provided in subsection (1) of Section**
1272 **25-11-143, this section shall read as follows:]**

1273 25-15-14. Any elected state or district official who does
1274 not run for reelection or who is defeated before being entitled to
1275 receive a retirement allowance shall be eligible to continue to
1276 participate in the State and School Employees Health Insurance
1277 Plan and shall be required to pay the cost of the coverage.

1278 **SECTION 8.** Section 25-15-15, Mississippi Code of 1972, is
1279 amended as follows:

1280 **[Through June 30 of the year in which Section 25-11-143**
1281 **becomes effective as provided in subsection (1) of Section**
1282 **25-11-143, this section shall read as follows:]**

1283 25-15-15. (1) The board is authorized to determine the
1284 manner in which premiums and contributions by the state agencies,
1285 local school districts, colleges, universities, community/junior
1286 colleges and public libraries shall be collected to provide the
1287 self-insured health insurance program for employees as provided
1288 under this article. The state shall provide fifty percent (50%)
1289 of the cost of the above life insurance plan and one hundred
1290 percent (100%) of the cost of the above health insurance plan for
1291 all active full-time employees, and the employees shall be given



1292 the opportunity to purchase coverage for their eligible dependents
1293 with the premiums for such dependent coverage as well as the
1294 employee's fifty percent (50%) share for his life insurance
1295 coverage to be deductible from the employee's salary by the
1296 agency, department or institution head, which deductions, together
1297 with the fifty percent (50%) share of such life insurance premiums
1298 of such employing agency, department or institution head from
1299 funds appropriated to or authorized to be expended by such
1300 employing agency, department or institution head, shall be
1301 deposited directly into a depository bank or special fund in the
1302 State Treasury, as determined by the board. These funds and
1303 interest earned on these funds may be used for the disbursement of
1304 claims and shall be exempt from the appropriation process.

1305 (2) The state shall provide annually, by line item in the
1306 Mississippi Library Commission appropriation bill, such funds to
1307 pay one hundred percent (100%) of the cost of health insurance
1308 under the State and School Employees Health Insurance Plan for all
1309 full-time library staff members in each public library in
1310 Mississippi. The commission shall allot to each public library a
1311 sufficient amount of those funds appropriated to pay the costs of
1312 insurance for eligible employees. Any funds so appropriated by
1313 line item which are not expended during the fiscal year for which
1314 such funds were appropriated shall be carried forward for the same
1315 purposes during the next succeeding fiscal year. If any premiums
1316 for the health insurance and/or late charges and interest
1317 penalties are not paid by a public library in a timely manner, as
1318 defined by the board, the Mississippi Library Commission, upon
1319 notice by the board, shall immediately withhold all subsequent
1320 disbursements of funds to that public library.

1321 (3) The state shall annually provide one hundred percent
1322 (100%) of the cost of the health insurance plan for all public
1323 school district employees who work no less than twenty (20) hours
1324 during each week and regular nonstudent school bus drivers. Where



1325 federal funding is allowable to defray, in full or in part, the
1326 cost of participation in the program by district employees who
1327 work no less than twenty (20) hours during the week and regular
1328 nonstudent bus drivers, whose salaries are paid, in full or in
1329 part, by federal funds, the allowance under this section shall be
1330 reduced to the extent of such federal funding. Where the use of
1331 federal funds is allowable but not available, it is the intent of
1332 the Legislature that school districts contribute the cost of
1333 participation for such employees from local funds, except that
1334 parent fees for child nutrition programs shall not be increased to
1335 cover such cost.

1336 (4) The state shall provide annually, by line item in the
1337 community/junior college appropriation bill, such funds to pay one
1338 hundred percent (100%) of the cost of the health insurance plan
1339 for all community/junior college district employees who work no
1340 less than twenty (20) hours during each week.

1341 (5) When the use of federal funding is allowable to defray,
1342 in full or in part, the cost of participation in the insurance
1343 plan by community/junior college district employees who work no
1344 less than twenty (20) hours during each week, whose salaries are
1345 paid, in full or in part, by federal funds, the allowance under
1346 this section shall be reduced to the extent of the federal
1347 funding. Where the use of federal funds is allowable but not
1348 available, it is the intent of the Legislature that
1349 community/junior college districts contribute the cost of
1350 participation for such employees from local funds.

1351 (6) Any community/junior college district may contribute to
1352 the cost of coverage for any district employee from local
1353 community/junior college district funds, and any public school
1354 district may contribute to the cost of coverage for any district
1355 employee from nonminimum program funds. Any part of the cost of
1356 such coverage for participating employees of public school
1357 districts and public community/junior college districts that is



1358 not paid by the state shall be paid by the participating
1359 employees, which shall be deducted from the salaries of the
1360 employees in a manner determined by the board.

1361 (7) Any funds appropriated for the cost of insurance by line
1362 item in the community/junior colleges appropriation bill which are
1363 not expended during the fiscal year for which such funds were
1364 appropriated shall be carried forward for the same purposes during
1365 the next succeeding fiscal year.

1366 (8) The board may establish and enforce late charges and
1367 interest penalties or other penalties for the purpose of requiring
1368 the prompt payment of all premiums for life and health insurance
1369 permitted under Chapter 15 of Title 25. All funds in excess of
1370 the amount needed for disbursement of claims shall be deposited in
1371 a special fund in the State Treasury to be known as the State and
1372 School Employees Insurance Fund. The State Treasurer shall invest
1373 all funds in the State and School Employees Insurance Fund and all
1374 interest earned shall be credited to the State and School
1375 Employees Insurance Fund. Such funds shall be placed with one or
1376 more depositories of the state and invested on the first day such
1377 funds are available for investment in certificates of deposit,
1378 repurchase agreements or in United States Treasury bills or as
1379 otherwise authorized by law for the investment of Public
1380 Employees' Retirement System funds, as long as such investment is
1381 made from competitive offering and at the highest and best market
1382 rate obtainable consistent with any available investment
1383 alternatives; however, such investments shall not be made in
1384 shares of stock, common or preferred, or in any other investments
1385 which would mature more than one (1) year from the date of
1386 investment. The board shall have the authority to draw from this
1387 fund periodically such funds as are necessary to operate the
1388 self-insurance plan or to pay to the insurance carrier the cost of
1389 operation of this plan, it being the purpose to limit the amount
1390 of participation by the state to fifty percent (50%) of the cost



1391 of the life insurance program and not to limit the contracting for
1392 additional benefits where the cost will be paid in full by the
1393 employee. The state shall not share in the cost of coverage for
1394 retired employees.

1395 (9) The board shall also provide for the creation of an
1396 Insurance Reserve Fund and funds therein shall be invested by the
1397 State Treasurer with all interest earned credited to the State and
1398 School Employees Insurance Fund.

1399 (10) Any retired employee electing to purchase retired life
1400 and health insurance will have the full cost of such insurance
1401 deducted monthly from his State of Mississippi retirement plan
1402 check or direct billed for the cost of the premium if the
1403 retirement check is insufficient to pay for the premium. If the
1404 board determines actuarially that the premium paid by the
1405 participating retirees adversely affects the overall cost of the
1406 plan to the state, then the department may impose a premium
1407 surcharge, not to exceed fifteen percent (15%), upon such
1408 participating retired employees who are under the age for Medicare
1409 eligibility.

1410 **[From and after July 1 of the year in which Section 25-11-143**
1411 **becomes effective as provided in subsection (1) of Section**
1412 **25-11-143, this section shall read as follows:]**

1413 25-15-15. (1) The board may determine the manner in which
1414 premiums and contributions by the state agencies, local school
1415 districts, colleges, universities, community/junior colleges and
1416 public libraries will be collected to provide the self-insured
1417 health insurance program for employees as provided under this
1418 article. The state shall provide fifty percent (50%) of the cost
1419 of the above life insurance plan and one hundred percent (100%) of
1420 the cost of the above health insurance plan for all active
1421 full-time employees. The employees shall be given the opportunity
1422 to purchase coverage for their eligible dependents with the
1423 premiums for the dependent coverage, as well as the employee's



1424 fifty percent (50%) share for his life insurance coverage, to be
1425 deductible from the employee's salary by the agency, department or
1426 institution head. Those deductions, together with the fifty
1427 percent (50%) share of the life insurance premiums of the
1428 employing agency, department or institution head from funds
1429 appropriated to or authorized to be expended by the employing
1430 agency, department or institution head, shall be deposited
1431 directly into a depository bank or special fund in the State
1432 Treasury, as determined by the board. These funds and interest
1433 earned on these funds may be used for the disbursement of claims
1434 and shall be exempt from the appropriation process.

1435 (2) The state shall provide annually, by line item in the
1436 Mississippi Library Commission appropriation bill, the funds to
1437 pay one hundred percent (100%) of the cost of health insurance
1438 under the State and School Employees Health Insurance Plan for all
1439 full-time library staff members in each public library in
1440 Mississippi. The commission shall allot to each public library a
1441 sufficient amount of those funds appropriated to pay the costs of
1442 insurance for eligible employees. Any funds so appropriated by
1443 line item that are not expended during the fiscal year for which
1444 the funds were appropriated shall be carried forward for the same
1445 purposes during the next succeeding fiscal year. If any premiums
1446 for the health insurance and/or late charges and interest
1447 penalties are not paid by a public library in a timely manner, as
1448 defined by the board, the Mississippi Library Commission, upon
1449 notice by the board, shall immediately withhold all subsequent
1450 disbursements of funds to that public library.

1451 (3) The state shall annually provide one hundred percent
1452 (100%) of the cost of the health insurance plan for all public
1453 school district employees who work no less than twenty (20) hours
1454 during each week and regular nonstudent school bus drivers. Where
1455 federal funding is allowable to defray, in full or in part, the
1456 cost of participation in the program by district employees who



1457 work no less than twenty (20) hours during the week and regular
1458 nonstudent bus drivers, whose salaries are paid, in full or in
1459 part, by federal funds, the allowance under this section shall be
1460 reduced to the extent of that federal funding. Where the use of
1461 federal funds is allowable but not available, it is the intent of
1462 the Legislature that school districts contribute the cost of
1463 participation for the employees from local funds, except that
1464 parent fees for child nutrition programs shall not be increased to
1465 cover that cost.

1466 (4) The state shall provide annually, by line item in the
1467 community/junior college appropriation bill, the funds to pay one
1468 hundred percent (100%) of the cost of the health insurance plan
1469 for all community/junior college district employees who work no
1470 less than twenty (20) hours during each week.

1471 (5) When the use of federal funding is allowable to defray,
1472 in full or in part, the cost of participation in the insurance
1473 plan by community/junior college district employees who work no
1474 less than twenty (20) hours during each week, whose salaries are
1475 paid, in full or in part, by federal funds, the allowance under
1476 this section shall be reduced to the extent of the federal
1477 funding. Where the use of federal funds is allowable but not
1478 available, it is the intent of the Legislature that
1479 community/junior college districts contribute the cost of
1480 participation for the employees from local funds.

1481 (6) Any community/junior college district may contribute to
1482 the cost of coverage for any district employee from local
1483 community/junior college district funds, and any public school
1484 district may contribute to the cost of coverage for any district
1485 employee from nonminimum program funds. Any part of the cost of
1486 the coverage for participating employees of public school
1487 districts and public community/junior college districts that is
1488 not paid by the state shall be paid by the participating



1489 employees, which shall be deducted from the salaries of the
1490 employees in a manner determined by the board.

1491 (7) Any funds appropriated for the cost of insurance by line
1492 item in the community/junior colleges appropriation bill that are
1493 not expended during the fiscal year for which the funds were
1494 appropriated shall be carried forward for the same purposes during
1495 the next succeeding fiscal year.

1496 (8) The board may establish and enforce late charges and
1497 interest penalties or other penalties for the purpose of requiring
1498 the prompt payment of all premiums for life and health insurance
1499 permitted under Chapter 15 of Title 25. All funds in excess of
1500 the amount needed for disbursement of claims shall be deposited in
1501 a special fund in the State Treasury to be known as the State and
1502 School Employees Insurance Fund. The State Treasurer shall invest
1503 all funds in the State and School Employees Insurance Fund and all
1504 interest earned shall be credited to the State and School
1505 Employees Insurance Fund. Those funds shall be placed with one or
1506 more depositories of the state and invested on the first day that
1507 the funds are available for investment in certificates of deposit,
1508 repurchase agreements or in United States Treasury bills or as
1509 otherwise authorized by law for the investment of Public
1510 Employees' Retirement System funds, as long as the investment is
1511 made from competitive offering and at the highest and best market
1512 rate obtainable consistent with any available investment
1513 alternatives. However, those investments shall not be made in
1514 shares of stock, common or preferred, or in any other investments
1515 that would mature more than one (1) year from the date of
1516 investment. The board shall have the authority to draw from this
1517 fund periodically such funds as are necessary to operate the
1518 self-insurance plan or to pay to the insurance carrier the cost of
1519 operation of this plan, it being the purpose to limit the amount
1520 of participation by the state to fifty percent (50%) of the cost
1521 of the life insurance program and not to limit the contracting for



1522 additional benefits where the cost will be paid in full by the
1523 employee. * * *

1524 (9) The board shall also provide for the creation of an
1525 Insurance Reserve Fund, and funds in the reserve fund shall be
1526 invested by the State Treasurer with all interest earned credited
1527 to the State and School Employees Insurance Fund.

1528 * * *

1529 **SECTION 9.** Section 25-15-103, Mississippi Code of 1972, is
1530 amended as follows:

1531 **[Through June 30 of the year in which Section 25-11-143**
1532 **becomes effective as provided in subsection (1) of Section**
1533 **25-11-143, this section shall read as follows:]**

1534 25-15-103. The maximum amount of group insurance or other
1535 coverage used in determining employer's limitation of one hundred
1536 percent (100%) of such costs shall be determined by regulations
1537 promulgated by the governing board or head of any political
1538 subdivision, school district, junior college district,
1539 institution, department or agency named in Sections 25-15-101 and
1540 25-15-103, but the life insurance for each employee shall not
1541 exceed Fifty Thousand Dollars (\$50,000.00), or the amount of
1542 deduction allowed by the United States Internal Revenue Service in
1543 filing a federal tax return, whichever is greater. A like amount
1544 may be for accidental death; accident, health and salary
1545 protection insurance, providing benefits not exceeding sixty
1546 percent (60%) of the employee's income, or the amount allowed by
1547 the United States Internal Revenue Service in filing a federal tax
1548 return, whichever is greater. Hospitalization benefits for room
1549 and board may not exceed the average semiprivate cost per day; and
1550 the other coverages authorized hereinabove. The limitations in
1551 this paragraph on the amount of group insurance and other coverage
1552 which employers may obtain for their employees shall not be
1553 applicable to municipalities.



1554 Any employee who retires due to one hundred percent (100%)
1555 medical disability, or due to reaching the statutory age of
1556 retirement under the provisions of the Public Employees'
1557 Retirement Law of 1952, being Sections 25-11-101 through
1558 25-11-139, may, if he elects, remain a member of the group plan
1559 for such life insurance and other benefits as may be agreed to by
1560 the governing board or institution, department, or agency head and
1561 the companies writing such insurance and other coverage, by paying
1562 the entire costs thereof.

1563 When any of the political subdivisions, school districts,
1564 junior college districts, institutions, departments, or agencies
1565 named in Sections 25-15-101 and 25-15-103 have adopted the group
1566 coverage plan authorized by said sections, any of the employees
1567 thereof participating in the plan who desire to secure additional
1568 benefits for their dependents with the company or companies
1569 providing such group coverage may do so by authorizing in writing
1570 the deduction from his or her salary or wages of the necessary
1571 amounts for the full payment of such additional coverage, and the
1572 same may be deducted and paid for such purposes, but the entire
1573 cost of such additional coverage for dependents shall be paid by
1574 the employee.

1575 Said municipality may provide group life insurance coverage
1576 for all or specified groups of its public employees and group
1577 hospitalization benefits for such public employees and their
1578 dependents, and the municipality may pay the total of the cost of
1579 all benefits under this section.

1580 **[From and after July 1 of the year in which Section 25-11-143**
1581 **becomes effective as provided in subsection (1) of Section**
1582 **25-11-143, this section shall read as follows:]**

1583 25-15-103. The maximum amount of group insurance or other
1584 coverage used in determining the employer's limitation of one
1585 hundred percent (100%) of the costs shall be determined by
1586 regulations promulgated by the governing board or head of any



1587 political subdivision, school district, junior college district,
1588 institution, department or agency named in Sections 25-15-101 and
1589 25-15-103, but the life insurance for each employee shall not
1590 exceed Fifty Thousand Dollars (\$50,000.00), or the amount of
1591 deduction allowed by the United States Internal Revenue Service in
1592 filing a federal tax return, whichever is greater. A like amount
1593 may be for accidental death, accident, health and salary
1594 protection insurance, providing benefits not exceeding sixty
1595 percent (60%) of the employee's income, or the amount allowed by
1596 the United States Internal Revenue Service in filing a federal tax
1597 return, whichever is greater. Hospitalization benefits for room
1598 and board may not exceed the average semiprivate cost per day; and
1599 the other coverages authorized hereinabove. The limitations in
1600 this paragraph on the amount of group insurance and other coverage
1601 that employers may obtain for their employees shall not be
1602 applicable to municipalities.

1603 * * *

1604 When any of the political subdivisions, school districts,
1605 junior college districts, institutions, departments or agencies
1606 named in Sections 25-15-101 and 25-15-103 have adopted the group
1607 coverage plan authorized by those sections, any of the employees
1608 thereof participating in the plan who desire to secure additional
1609 benefits for their dependents with the company or companies
1610 providing the group coverage may do so by authorizing in writing
1611 the deduction from his or her salary or wages of the necessary
1612 amounts for the full payment of the additional coverage, and the
1613 same may be deducted and paid for those purposes, but the entire
1614 cost of the additional coverage for dependents shall be paid by
1615 the employee.

1616 A municipality may provide group life insurance coverage for
1617 all or specified groups of its public employees and group
1618 hospitalization benefits for the public employees and their



1619 dependents, and the municipality may pay the total of the cost of
1620 all benefits under this section.

1621 **SECTION 10.** Section 25-11-141, Mississippi Code of 1972, is
1622 amended as follows:

1623 **[Through June 30 of the year in which Section 25-11-143**
1624 **becomes effective as provided in subsection (1) of Section**
1625 **25-11-143, this section shall read as follows:]**

1626 25-11-141. The board of trustees may enter into an agreement
1627 with insurance companies, hospital service associations, medical
1628 or health care corporations, health maintenance organizations, or
1629 government agencies authorized to do business in the state for
1630 issuance of a policy or contract of life, health, medical,
1631 hospital or surgical benefits, or any combination thereof, for
1632 those persons receiving a service, disability or survivor
1633 retirement allowance from any system administered by the board.
1634 Notwithstanding any other provision of this chapter, the policy or
1635 contract also may include coverage for the spouse and dependent
1636 children of such eligible person and for such sponsored dependents
1637 as the board considers appropriate. If all or any portion of the
1638 policy or contract premium is to be paid by any person receiving a
1639 service, disability or survivor retirement allowance, such person
1640 shall, by written authorization, instruct the board to deduct from
1641 the retirement allowance the premium cost and to make payments to
1642 such companies, associations, corporations or agencies.

1643 The board may contract for such coverage on the basis that
1644 the cost of the premium for the coverage will be paid by the
1645 person receiving a retirement allowance.

1646 The board is authorized to accept bids for such optional
1647 coverage and benefits and to make all necessary rules pursuant to
1648 the purpose and intent of this section.

1649 **[From and after July 1 of the year in which Section 25-11-143**
1650 **becomes effective as provided in subsection (1) of Section**
1651 **25-11-143, this section shall read as follows:]**



1652 25-11-141. The board of trustees may enter into an agreement
1653 with insurance companies * * * or government agencies authorized
1654 to do business in the state for issuance of a policy or contract
1655 of life, dental, vision or other similar benefits, or any
1656 combination thereof, for those persons receiving a service,
1657 disability or survivor retirement allowance from any system
1658 administered by the board. Notwithstanding any other provision of
1659 this chapter, the policy or contract also may include coverage for
1660 the spouse and dependent children of the eligible person and for
1661 such sponsored dependents as the board considers appropriate. If
1662 all or any portion of the policy or contract premium is to be paid
1663 by any person receiving a service, disability or survivor
1664 retirement allowance, the person shall, by written authorization,
1665 instruct the board to deduct from the retirement allowance the
1666 premium cost and to make payments to those companies,
1667 associations, corporations or agencies.

1668 The board may contract for this coverage on the basis that
1669 the cost of the premium for the coverage will be paid by the
1670 person receiving a retirement allowance.

1671 The board is authorized to accept bids for the optional
1672 coverage and benefits and to make all necessary rules to carry out
1673 the purpose and intent of this section.

1674 **SECTION 11.** This act shall take effect and be in force from
1675 and after July 1, 2002.

