

By: Representatives Stringer, Eads, Howell,  
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To: Insurance;  
Appropriations

## HOUSE BILL NO. 1388

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

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

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

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

40 25-11-143. (1) As used in this act, the term "retiree"  
41 means any person receiving a service or disability retirement  
42 benefit from any system administered by the board; however, in the  
43 case of persons participating in the optional retirement plan  
44 established in Section 25-11-401 et seq., the term "retiree"



45 includes only those persons who would be entitled to receive a  
46 retirement allowance under the provisions of Section 25-11-111 if  
47 they were not members of the optional retirement plan.

48 (2) The board shall design a plan of health insurance for  
49 all current and future retirees that will take effect from and  
50 after January 1, 2004. The plan may include coverage for the  
51 spouse, surviving beneficiary and dependent children of retirees  
52 and other such sponsored dependents as the board considers  
53 appropriate; however, the subsidy provided for in this section  
54 shall apply only to the cost of providing coverage to retirees.  
55 Initially, the plan shall have benefits equivalent to those in the  
56 State and School Employees Health Insurance Plan established in  
57 Section 25-15-9; however, the board may modify the plan as  
58 necessary to meet the needs of the members of the plan and to  
59 maintain the fiscal soundness of the plan. The board may offer an  
60 optional plan to retirees who are eligible for Medicare and any  
61 additional cost of that plan shall be paid by the retiree electing  
62 that optional coverage.

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

73 (b) The board shall determine the manner in which  
74 persons who elect continuation coverage under the federal  
75 Consolidated Omnibus Budget Reconciliation Act of 1987 (COBRA)  
76 will be treated regarding their eligibility for coverage under the



77 plan established under this section and the amount of the subsidy  
78 for those persons.

79 (4) From and after January 1, 2004, the board shall  
80 subsidize a portion of the cost of providing the plan of health  
81 insurance to retirees. The amount of the subsidy provided for  
82 each retiree shall be equal to a percentage of the annual cost of  
83 providing coverage under the plan to the retiree as determined by  
84 the board. Except as otherwise provided in this section, the  
85 percentage amount of the subsidy shall be two percent (2%) for  
86 each year of creditable service, less any fronted service for  
87 age-limited disability benefits of the retiree up to a maximum of  
88 sixty percent (60%); however, for retirees who retire and enroll  
89 before they reach the age of sixty (60), the percentage amount of  
90 the subsidy shall be reduced and that reduced percentage shall be  
91 calculated by multiplying the total percentage amount of the  
92 subsidy without reduction by one (1) minus the product of the  
93 number of years under the age of sixty (60) that the retiree was  
94 at enrollment times three percent (3%). The formula for the  
95 calculation of the reduced percentage is:

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

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

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



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

115           (7) From and after July 1, 2003, each employer shall pay  
116 monthly to the board an amount equal to two and nineteen  
117 one-hundredths percent (2.19%) of the total payroll of the  
118 employer on which retirement contributions are made under  
119 retirement plans administered by the Public Employees' Retirement  
120 System.

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

131           (9) The board:

132                   (a) Shall administer the plan.

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

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



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

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

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

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

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

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



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

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

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

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

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

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

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

199 (f) Bonds rated Single A or better, stocks and  
200 convertible securities of established non-United States companies,  
201 and in foreign government securities rated Single A or better by a  
202 recognized rating agency, provided that the total book value of  
203 investments under this paragraph at no time shall exceed thirty  
204 percent (30%) of the total book value of the total investment  
205 fund. The board may take requisite action to effectuate or hedge  
206 those transactions through foreign or domestic banks, including



207 the purchase and sale, transfer, exchange, or otherwise disposal  
208 of, and generally deal in foreign exchange through the use of  
209 foreign currency, interbank forward contracts, futures contracts,  
210 options contracts, swaps and other related derivative instruments.

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

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

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

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

236 (3) Any limitations set forth in this section shall be  
237 applicable only at the time of purchase and shall not require the  
238 liquidation of any investment at any time. All investments shall



239 be clearly marked to indicate ownership by the fund and to the  
240 extent possible shall be registered in the name of the fund.

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

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

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

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

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

270 (9) The board of trustees shall determine the degree of  
271 collateralization necessary for both foreign and domestic demand





272 deposit accounts in addition to that which is guaranteed by the  
273 Federal Deposit Insurance Corporation or such other federal  
274 insurance program as may be in effect.

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

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

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

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

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



304 Highway Safety Patrol Retirement System shall be considered a  
305 full-time employee.

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

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

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

312 \* \* \*

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

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

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



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

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

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



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

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

401 The Lieutenant Governor may designate the Secretary of the  
402 Senate, the Chairman of the Senate Appropriations Committee, the



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

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

433 \* \* \*

434 (2) Nonduplication of benefits--reduction of benefits by  
435 Title XIX benefits: When benefits would be payable under more



436 than one (1) group plan, benefits under those plans will be  
437 coordinated to the extent that the total benefits under all plans  
438 will not exceed the total expenses incurred.

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

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

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

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



469 authorized under Section 37-23-31 for deaf, aphasic and  
470 emotionally disturbed children, or any regular nonstudent bus  
471 driver becomes totally and permanently disabled before age  
472 sixty-five (65) years. \* \* \*

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

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

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

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



502 plan" means a plan administered or sold by a private insurance  
503 company. After October 1, 1999, the board may assess charges in  
504 addition to the existing State and School Life Insurance Plan  
505 rates to those employees as a condition of enrollment in the State  
506 and School Life Insurance Plan. In order for any life insurance  
507 company group plan existing as of October 1, 1999, to be approved  
508 by the State and School Employees Health Insurance Management  
509 Board under this subsection (7), it shall meet the following  
510 criteria:

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

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

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

523 (d) The insurance company group life insurance plan  
524 shall have one (1) composite rate per One Thousand Dollars  
525 (\$1,000.00) of coverage for active employees regardless of  
526 age \* \* \*.

527 (e) The insurance company and its group life insurance  
528 plan shall comply with any administrative requirements of the  
529 State and School Employees Health Insurance Management Board. If  
530 any insurance company providing group life insurance benefits to  
531 employees under this subsection (7) fails to comply with any  
532 requirements specified in this subsection or any administrative  
533 requirements of the board, the state shall discontinue providing  
534 funding for the cost of that insurance.





535           **SECTION 5.** Section 25-15-11, Mississippi Code of 1972, is  
536 amended as follows:

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

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

566           The board shall authorize any corporation licensed to  
567 transact accident and health insurance business in this state



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

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

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

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

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



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

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

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

612           (d) Budgetary information, including:

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

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

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

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

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



633           (3) Annually, the board shall request, and the Department of  
634 Audit shall conduct, a comprehensive audit of the State and School  
635 Employees Life and Health Insurance Plan. For purposes of this  
636 section, the audit required herein shall be separate and distinct  
637 from any audit prepared in conjunction with the development of the  
638 Comprehensive Annual Financial Report (CAFR).

639           **SECTION 6.** Section 25-15-14, Mississippi Code of 1972, is  
640 amended as follows:

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

646           **SECTION 7.** Section 25-15-15, Mississippi Code of 1972, is  
647 amended as follows:

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



666 deposited directly into a depository bank or special fund in the  
667 State Treasury, as determined by the board. These funds and  
668 interest earned on these funds may be used for the disbursement of  
669 claims and shall be exempt from the appropriation process.

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

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



699 parent fees for child nutrition programs shall not be increased to  
700 cover that cost.

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

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

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

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



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

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

763           \* \* \*



764           **SECTION 8.** Section 25-15-103, Mississippi Code of 1972, is  
765 amended as follows:

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

786           \* \* \*

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





797 cost of the additional coverage for dependents shall be paid by  
798 the employee.

799 A municipality may provide group life insurance coverage for  
800 all or specified groups of its public employees and group  
801 hospitalization benefits for the public employees and their  
802 dependents, and the municipality may pay the total of the cost of  
803 all benefits under this section.

804 **SECTION 9.** Section 25-11-141, Mississippi Code of 1972, is  
805 amended as follows:

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

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

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



828           **SECTION 10.** Sections 1 and 2 of this act shall take effect  
829 from and after July 1, 2002. The remainder of this act shall take  
830 effect from and after January 1, 2004.

