

By: Senator(s) Cuevas

To: Appropriations

SENATE BILL NO. 2685

1 AN ACT TO AMEND SECTION 25-11-143, MISSISSIPPI CODE OF 1972,
2 TO PROVIDE THAT THE RETIREE HEALTH INSURANCE PLAN DESIGNED AND
3 ADMINISTERED BY THE BOARD OF TRUSTEES OF THE PUBLIC EMPLOYEES'
4 RETIREMENT SYSTEM SHALL GO INTO EFFECT ON JULY 1, 2003; TO AMEND
5 SECTIONS 25-11-141, 25-11-145, 25-15-3, 25-15-9, 25-15-11,
6 25-15-14, 25-15-15 AND 25-15-103, MISSISSIPPI CODE OF 1972, IN
7 CONFORMITY THERETO; AND FOR RELATED PURPOSES.

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

9 SECTION 1. Section 25-11-143, Mississippi Code of 1972, is
10 amended as follows:

11 25-11-143. * * *

12 (1) As used in this section, the term "retiree" means any
13 person receiving a service or disability retirement benefit from
14 any system administered by the board; however, in the case of
15 persons participating in the optional retirement plan established
16 in Section 25-11-401 et seq., the term "retiree" includes only
17 those persons who would be entitled to receive a retirement
18 allowance under the provisions of Section 25-11-111 if they were
19 not members of the optional retirement plan.

20 (2) The board shall design a plan of health insurance for
21 all current and future retirees that will take effect from and
22 after January 1, 2004 * * *. The plan may include coverage for
23 the spouse, surviving beneficiary and dependent children of
24 retirees and other such sponsored dependents as the board
25 considers appropriate; however, the subsidy provided for in this
26 section shall apply only to the cost of providing coverage to
27 retirees. Initially, the plan shall have benefits equivalent to
28 those in the State and School Employees Health Insurance Plan
29 established in Section 25-15-9; however, the board may modify the



30 plan as necessary to meet the needs of the members of the plan and
31 to maintain the fiscal soundness of the plan. The board may offer
32 an optional plan to retirees who are eligible for Medicare, and
33 any additional cost of that plan shall be paid by the retiree
34 electing that optional coverage.

35 (3) (a) Retirees may decline coverage in the plan
36 established by this section, but they may be included in the plan
37 later if they apply for coverage during any open enrollment
38 periods that may be established by the board and can show, by
39 evidence considered sufficient to the board, that they were
40 covered by health insurance during the period of time that they
41 were not covered by the plan established by this section. The
42 board may adjust the amount of the subsidy for those persons and
43 may limit the number of times retirees who decline coverage who
44 may be later included in the plan.

45 (b) The board shall determine the manner in which
46 persons who elect continuation coverage under the federal
47 Consolidated Omnibus Budget Reconciliation Act of 1987 (COBRA)
48 will be treated regarding their eligibility for coverage under the
49 plan established under this section and the amount of the subsidy
50 for those persons.

51 (4) From and after January 1, 2004 * * *, the board shall
52 subsidize a portion of the cost of providing the plan of health
53 insurance to retirees. The amount of the subsidy provided for
54 each retiree shall be equal to a percentage of the annual cost of
55 providing coverage under the plan to the retiree as determined by
56 the board. Except as otherwise provided in this section, the
57 percentage amount of the subsidy shall be two percent (2%) for
58 each year of creditable service, less any fronted service for
59 age-limited disability benefits of the retiree up to a maximum of
60 sixty percent (60%). Once the percentage amount of the subsidy
61 has been determined under this subsection, it may not be changed
62 unless the retiree returns to membership service and earns



63 additional years of creditable service or elects not to be
64 enrolled in the plan for a period of time.

65 (5) The amount of the subsidy for each disability retiree
66 shall be calculated in the same manner as other retirees. For
67 purposes of determining the amount that a disability retiree must
68 pay above the subsidy for coverage under the plan, the cost of
69 coverage for disability retirees shall be deemed to be the average
70 cost of providing coverage for other retirees as determined by the
71 board.

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

77 (7) From and after July 1, 2003 * * *, each employer shall
78 pay monthly to the board an amount equal to two and one-half
79 percent (2.5%) of the total payroll of the employer on which
80 retirement contributions are made under retirement plans
81 administered by the Public Employees' Retirement System.

82 (8) The board may establish and enforce late charges and
83 interest penalties or other penalties for the purpose of requiring
84 the prompt payment of all contributions required under this
85 section. After appropriation for administration expenses of the
86 program, all funds received by the board under this section shall
87 be held in a fund in the custody of the board. All those funds
88 held by the board shall be utilized for the purpose of subsidizing
89 the health insurance plan required to be established by this
90 section, and shall be invested as provided in Section 25-11-145.

91 (9) The board:

- 92 (a) Shall administer the plan;
- 93 (b) Shall have the sole authority to promulgate rules
94 and regulations governing the plan, and shall be vested with all
95 legal authority necessary and proper to perform this function



96 including, but not limited to, defining the benefits provided by
97 the plan, requesting and accepting bids for services, establishing
98 premium rates and receiving premium payments;

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

102 (d) Is authorized to procure legal services if it deems
103 these services necessary to carry out its responsibilities under
104 this section.

105 **SECTION 2.** Section 25-11-141, Mississippi Code of 1972, is
106 amended as follows:

107 * * *

108 25-11-141. The board of trustees may enter into an agreement
109 with insurance companies or government agencies authorized to do
110 business in the state for issuance of a policy or contract of
111 life, dental, vision or other similar benefits, or any combination
112 thereof, for those persons receiving a service, disability or
113 survivor retirement allowance from any system administered by the
114 board. Notwithstanding any other provision of this chapter, the
115 policy or contract also may include coverage for the spouse and
116 dependent children of the eligible person and for such sponsored
117 dependents as the board considers appropriate. If all or any
118 portion of the policy or contract premium is to be paid by any
119 person receiving a service, disability or survivor retirement
120 allowance, the person shall, by written authorization, instruct
121 the board to deduct from the retirement allowance the premium cost
122 and to make payments to those companies, associations,
123 corporations or agencies.

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



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

130 **SECTION 3.** Section 25-11-145, Mississippi Code of 1972, is
131 amended as follows:

132 25-11-145. * * *

133 (1) This provision of this section shall become effective
134 from and after July 1 of the year in which Section 25-11-143
135 becomes effective as provided in subsection (1) of Section
136 25-11-143.

137 (2) In managing the funds received for the insurance program
138 established in Section 25-11-143, the board from time to time
139 shall determine the current requirements for payments and
140 administrative expense that will be maintained as a cash working
141 balance, except that the cash working balance shall not exceed at
142 any time an amount necessary to meet the current obligations of
143 the fund for a period of ninety (90) days. Any amounts in excess
144 of the cash working balance shall be invested, as follows, at such
145 periodic intervals as the board may determine:

146 (a) Funds may be deposited in federally insured
147 institutions;

148 (b) Corporate and taxable municipal bonds of investment
149 grade as rated by Standard and Poor's or by Moody's Investment
150 Service, with bonds rated BAA/BBB not to exceed five percent (5%)
151 of the book value of the total fixed income investments, or
152 corporate short-term obligations of corporations or of wholly
153 owned subsidiaries of corporations, whose short-term obligations
154 are rated A-3 or better by Standard and Poor's or rated P-3 or
155 better by Moody's Investment Service;

156 (c) Bonds of the Tennessee Valley Authority; bonds,
157 notes, certificates and other valid obligations of the United
158 States, and other valid obligations of any federal instrumentality
159 that issues securities under authority of an act of Congress and



160 are exempt from registration with the Securities and Exchange
161 Commission; bonds, notes, debentures and other securities issued
162 by any federal instrumentality and fully guaranteed by the United
163 States;

164 (d) Interest-bearing bonds or notes that are general
165 obligations of any other state in the United States or of any city
166 or county in that state, provided that the state, city or county
167 has not defaulted for a period longer than thirty (30) days in the
168 payment of principal or interest on any of its general obligation
169 indebtedness during a period of ten (10) calendar years
170 immediately preceding the investment;

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

174 (i) The maximum investments in stocks shall not
175 exceed fifty percent (50%) of the book value of the total
176 investment fund;

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

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

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

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

189 (f) Bonds rated Single A or better, stocks and
190 convertible securities of established non-United States companies,
191 and in foreign government securities rated Single A or better by a
192 recognized rating agency, provided that the total book value of



193 investments under this paragraph at no time shall exceed thirty
194 percent (30%) of the total book value of the total investment
195 fund. The board may take requisite action to effectuate or hedge
196 those transactions through foreign or domestic banks, including
197 the purchase and sale, transfer, exchange, or otherwise disposal
198 of, and generally deal in foreign exchange through the use of
199 foreign currency, interbank forward contracts, futures contracts,
200 options contracts, swaps and other related derivative instruments;

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

203 (h) Pooled or commingled funds managed by a corporate
204 trustee or by a Securities and Exchange Commission registered
205 investment advisory firm retained as an investment manager by the
206 board of trustees, and shares of investment companies and unit
207 investment trusts registered under the Investment Company Act of
208 1940, where the pooled or commingled funds or shares are comprised
209 of common or preferred stocks, bonds, money market instruments or
210 other investments authorized under this section. The investment
211 in commingled funds or shares shall be held in trust. Any
212 investment manager approved by the board of trustees shall invest
213 the commingled funds or shares as a fiduciary;

214 (i) Pooled or commingled real estate funds or real
215 estate securities managed by a corporate trustee or by a
216 Securities and Exchange Commission registered investment advisory
217 firm retained as an investment manager by the board of trustees,
218 provided that the total book value of investments under this
219 paragraph at no time shall exceed five percent (5%) of the total
220 book value of all investments of the total investment fund. The
221 investment in commingled funds or shares shall be held in trust.
222 Any investment manager approved by the board of trustees shall
223 invest the commingled funds or shares as a fiduciary.

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



226 (4) Any limitations set forth in this section shall be
227 applicable only at the time of purchase and shall not require the
228 liquidation of any investment at any time. All investments shall
229 be clearly marked to indicate ownership by the fund and to the
230 extent possible shall be registered in the name of the fund.

231 (5) Subject to the preceding terms, conditions, limitations
232 and restrictions, the board shall have power to sell, assign,
233 transfer and dispose of any of the securities and investments of
234 the fund, provided that the sale, assignment or transfer has the
235 majority approval of the entire board. The board may employ or
236 contract with investment managers, evaluation services or other
237 such services as determined by the board to be necessary for the
238 effective and efficient operation of the fund.

239 (6) Except as otherwise provided in this section, no trustee
240 and no employee of the board shall have any direct or indirect
241 interest in the income, gains or profits of any investment made by
242 the board, nor shall any such person receive any pay or emolument
243 for his services in connection with any investment made by the
244 board. No trustee or employee of the board shall become an
245 endorser or surety, or in any manner an obligor for money loaned
246 by or borrowed from the fund.

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

250 (8) The board of trustees shall be the custodian and
251 fiduciary of the fund.

252 (9) For the purpose of meeting disbursements, cash may be
253 kept available, not exceeding the requirements of the fund for a
254 period of ninety (90) days, on deposit in one or more banks or
255 trust companies organized under the laws of the State of
256 Mississippi or the laws of the United States, provided that the
257 sum on deposit in any one (1) bank or trust company shall not



258 exceed thirty-five percent (35%) of the paid-up capital and
259 regular surplus of the bank or trust company.

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

265 (11) The board, the executive director and employees shall
266 discharge their duties with respect to the investments of the
267 system solely for the interest of the fund with the care, skill,
268 prudence and diligence under the circumstances then prevailing
269 that a prudent person acting in a like capacity and familiar with
270 those matters would use in the conduct of an enterprise of a like
271 character and with like aims, including diversifying the
272 investments of the system so as to minimize the risk of large
273 losses, unless under the circumstances it is clearly prudent not
274 to do so.

275 (12) Investment management fees and costs shall be paid from
276 the fund.

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

279 * * *

280 25-15-3. For the purposes of this article, the words and
281 phrases used in this section shall have the following meanings:

282 (a) "Employee" means a person who works full time for
283 the State of Mississippi and receives his compensation in a direct
284 payment from a department, agency or institution of the state
285 government, and any person who works full time for any school
286 district, community/junior college, public library,
287 university-based program authorized under Section 37-23-31 for
288 deaf, aphasic and emotionally disturbed children, or any regular
289 nonstudent bus driver. This term includes legislators, employees
290 of the legislative branch and the judicial branch of the state,



291 full-time salaried judges and full-time district attorneys and
292 their staff, and full-time compulsory school attendance officers.
293 For the purposes of this article, any "employee" making
294 contributions to the Public Employees' Retirement System or the
295 Highway Safety Patrol Retirement System shall be considered a
296 full-time employee.

297 (b) "Department" means the Department of Finance and
298 Administration.

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

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

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

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

307 * * *

308 25-15-9. (1) (a) The board shall design a plan of health
309 insurance for state employees that provides benefits for
310 semiprivate rooms in addition to other incidental coverages that
311 the board deems necessary. The amount of the coverages shall be
312 in such reasonable amount as may be determined by the board to be
313 adequate, after due consideration of current health costs in
314 Mississippi. The plan shall also include major medical benefits
315 in such amounts as the board shall determine. The board is also
316 authorized to accept bids for such alternate coverage and optional
317 benefits as the board deems proper. Any contract for alternative
318 coverage and optional benefits shall be awarded by the board after
319 it has carefully studied and evaluated the bids and selected the
320 best and most cost-effective bid. The board may reject all such
321 bids; however, the board shall notify all bidders of the rejection
322 and shall actively solicit new bids if all bids are rejected. The
323 board may employ or contract for such consulting or actuarial



324 services as may be necessary to formulate the plan, and to assist
325 the board in the preparation of specifications and in the process
326 of advertising for the bids for the plan. Those contracts shall
327 be solicited and entered into in accordance with Section 25-15-5.
328 The board shall keep a record of all persons, agents and
329 corporations who contract with or assist the board in preparing
330 and developing the plan. The board in a timely manner shall
331 provide copies of this record to the members of the advisory
332 council created in this section and those legislators, or their
333 designees, who may attend meetings of the advisory council. The
334 board shall provide copies of this record in the solicitation of
335 bids for the administration or servicing of the self-insured
336 program. Each person, agent or corporation that, during the
337 previous fiscal year, has assisted in the development of the plan
338 or employed or compensated any person who assisted in the
339 development of the plan, and that bids on the administration or
340 servicing of the plan, shall submit to the board a statement
341 accompanying the bid explaining in detail its participation with
342 the development of the plan. This statement shall include the
343 amount of compensation paid by the bidder to any such employee
344 during the previous fiscal year. The board shall make all such
345 information available to the members of the advisory council and
346 those legislators, or their designees, who may attend meetings of
347 the advisory council before any action is taken by the board on
348 the bids submitted. The failure of any bidder to fully and
349 accurately comply with this paragraph shall result in the
350 rejection of any bid submitted by that bidder or the cancellation
351 of any contract executed when the failure is discovered after the
352 acceptance of that bid. The board is authorized to promulgate
353 rules and regulations to implement the provisions of this
354 subsection.



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

358 Any corporation, association, company or individual that
359 contracts with the board for the third-party claims administration
360 of the self-insured plan shall prepare and keep on file an
361 explanation of benefits for each claim processed. The explanation
362 of benefits shall contain such information relative to each
363 processed claim which the board deems necessary, and, at a
364 minimum, each explanation shall provide the claimant's name, claim
365 number, provider number, provider name, service dates, type of
366 services, amount of charges, amount allowed to the claimant and
367 reason codes. The information contained in the explanation of
368 benefits shall be available for inspection upon request by the
369 board. The board shall have access to all claims information
370 utilized in the issuance of payments to employees and providers.

371 (b) There is created an advisory council to advise the
372 board in the formulation of the State and School Employees Health
373 Insurance Plan. The council shall be composed of the State
374 Insurance Commissioner or his designee, an employee-representative
375 of the state institutions of higher learning appointed by the
376 board of trustees thereof, an employee-representative of the
377 Mississippi Department of Transportation appointed by the director
378 thereof, an employee-representative of the State Tax Commission
379 appointed by the Commissioner of Revenue, an
380 employee-representative of the State Department of Health
381 appointed by the State Health Officer, an employee-representative
382 of the Mississippi Department of Corrections appointed by the
383 Commissioner of Corrections, and an employee-representative of the
384 Mississippi Department of Human Services appointed by the
385 Executive Director of Human Services, two (2) certificated public
386 school administrators appointed by the State Board of Education,
387 two (2) certificated classroom teachers appointed by the State



388 Board of Education, a noncertificated school employee appointed by
389 the State Board of Education and a community/junior college
390 employee appointed by the State Board for Community and Junior
391 Colleges.

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

414 (c) No change in the terms of the State and School
415 Employees Health Insurance Plan may be made effective unless the
416 board, or its designee, has provided notice to the State and
417 School Employees Health Insurance Advisory Council and has called
418 a meeting of the council at least fifteen (15) days before the
419 effective date of the change. If the State and School Employees
420 Health Insurance Advisory Council does not meet to advise the



421 board on the proposed changes, the changes to the plan will become
422 effective at such time as the board has informed the council that
423 the changes will become effective.

424 (2) Nonduplication of benefits--reduction of benefits by
425 Title XIX benefits: When benefits would be payable under more
426 than one (1) group plan, benefits under those plans will be
427 coordinated to the extent that the total benefits under all plans
428 will not exceed the total expenses incurred.

429 Benefits for hospital or surgical or medical benefits shall
430 be reduced by any similar benefits payable in accordance with
431 Title XIX of the Social Security Act or under any amendments
432 thereto, or any implementing legislation.

433 Benefits for hospital or surgical or medical benefits shall
434 be reduced by any similar benefits payable by workers'
435 compensation.

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

445 (b) Effective October 1, 1999, schedule of life
446 insurance benefits--group term: The amount of term life insurance
447 for each active employee of any school district, community/junior
448 college, public library, university-based program authorized under
449 Section 37-23-31 for deaf, aphasic and emotionally disturbed
450 children, or any regular nonstudent bus driver shall not be in
451 excess of One Hundred Thousand Dollars (\$100,000.00), or twice the
452 amount of the employee's annual wage to the next highest One
453 Thousand Dollars (\$1,000.00), whichever may be less, but in no



454 case less than Thirty Thousand Dollars (\$30,000.00), with a like
455 amount for accidental death and dismemberment on a
456 twenty-four-hour basis. The plan will further contain a premium
457 waiver provision if a covered employee of any school district,
458 community/junior college, public library, university-based program
459 authorized under Section 37-23-31 for deaf, aphasic and
460 emotionally disturbed children, or any regular nonstudent bus
461 driver becomes totally and permanently disabled before age
462 sixty-five (65) years.

463 (4) Any eligible employee who on March 1, 1971, was
464 participating in a group life insurance program that has
465 provisions different from those included in this section and for
466 which the State of Mississippi was paying a part of the premium
467 may, at his discretion, continue to participate in that plan. The
468 employee shall pay in full all additional costs, if any, above the
469 minimum program established by this article. Under no
470 circumstances shall any individual who begins employment with the
471 state after March 1, 1971, be eligible for the provisions of this
472 subsection.

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

475 (6) Any premium differentials, differences in coverages,
476 discounts determined by risk or by any other factors shall be
477 uniformly applied to all active employees participating in the
478 insurance plan. It is the intent of the Legislature that the
479 state contribution to the plan be the same for each employee
480 throughout the state.

481 (7) On October 1, 1999, any school district,
482 community/junior college district or public library may elect to
483 remain with an existing policy or policies of group life insurance
484 with an insurance company approved by the State and School
485 Employees Health Insurance Management Board, in lieu of
486 participation in the State and School Life Insurance Plan. The



487 state's contribution of up to fifty percent (50%) of the active
488 employee's premium under the State and School Life Insurance Plan
489 may be applied toward the cost of coverage for full-time employees
490 participating in the approved life insurance company group plan.
491 For purposes of this subsection (7), "life insurance company group
492 plan" means a plan administered or sold by a private insurance
493 company. After October 1, 1999, the board may assess charges in
494 addition to the existing State and School Life Insurance Plan
495 rates to those employees as a condition of enrollment in the State
496 and School Life Insurance Plan. In order for any life insurance
497 company group plan existing as of October 1, 1999, to be approved
498 by the State and School Employees Health Insurance Management
499 Board under this subsection (7), it shall meet the following
500 criteria:

501 (a) The insurance company offering the group life
502 insurance plan shall be rated "A-" or better by A.M. Best state
503 insurance rating service and be licensed as an admitted carrier in
504 the State of Mississippi by the Mississippi Department of
505 Insurance.

506 (b) The insurance company group life insurance plan
507 shall provide the same life insurance, accidental death and
508 dismemberment insurance and waiver of premium benefits as provided
509 in the State and School Life Insurance Plan.

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

513 (d) The insurance company group life insurance plan
514 shall have one (1) composite rate per One Thousand Dollars
515 (\$1,000.00) of coverage for active employees regardless of age.

516 (e) The insurance company and its group life insurance
517 plan shall comply with any administrative requirements of the
518 State and School Employees Health Insurance Management Board. If
519 any insurance company providing group life insurance benefits to



520 employees under this subsection (7) fails to comply with any
521 requirements specified in this subsection or any administrative
522 requirements of the board, the state shall discontinue providing
523 funding for the cost of that insurance.

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

526 * * *

527 25-15-11. (1) The board is authorized to execute a contract
528 or contracts to provide the benefits under the plan. That
529 contract or contracts may be executed with one or more
530 corporations or associations licensed to transact life and
531 accident and health insurance business in this state; however, no
532 such contract shall be executed with any corporation, association
533 or company domiciled in any other state unless the corporation,
534 association or company meets the conditions and terms for a like
535 contract established by the state of the domicile of the
536 corporation, association or company for a Mississippi corporation,
537 association or company. No corporation, association or company
538 with less than five (5) years' experience in the life and health
539 field may bid. All of the benefits to be provided under the plan
540 may be included in one or more similar contracts, or the benefits
541 may be classified into different types with each type included
542 under one or more similar contracts issued by the same or
543 different companies.

544 The board shall supply the statistical information upon which
545 a quotation is to be calculated, upon request, to all carriers
546 licensed in the state. Bids may be accepted at the discretion of
547 the board, and the board shall have the right to adjust rates on
548 an annual basis if the board deems the adjustment necessary. The
549 plan for active employees shall be on retention accounting basis.
550 Any additional written information the carrier wishes to submit,
551 supporting the proposed benefits and premium rate, may accompany
552 the proposal. After receiving the proposals, the board shall



553 determine whether to contract with the carrier that has been
554 determined to have submitted the lowest and best bid, or to reject
555 all the bids and receive new proposals.

556 The board shall authorize any corporation licensed to
557 transact accident and health insurance business in this state
558 issuing any such contract to reinsure portions of the contract
559 with any other such corporation that elected to be a reinsurer and
560 is legally competent to enter into a reinsurance agreement. The
561 board may designate one or more of those corporations as the
562 administering corporation or corporations. Each employee who is
563 covered under any such contract or contracts shall receive a
564 certificate setting forth the benefits to which the employee is
565 entitled under the contracts, to whom the benefits will be
566 payable, to whom claims should be submitted, and summarizing the
567 provisions of the contract principally affecting the employee.
568 The certificate shall be in lieu of the certificate that the
569 corporation or corporations issuing the contract or contracts
570 would otherwise issue.

571 The board may, as of the end of any contract year,
572 discontinue any contract or contracts it has executed with any
573 corporation or corporations and replace it or them with a contract
574 or contracts in any other corporation or corporations meeting the
575 requirements of this section.

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

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

583 (2) By September 30 of each year, the board shall report to
584 the Joint Legislative Budget Committee, Senate Insurance
585 Committee, House Insurance Committee, Senate Education Committee,



586 House Education Committee and Joint Legislative Committee on
587 Performance Evaluation and Expenditure Review the condition of the
588 State and School Employees Life and Health Insurance Plan. The
589 report shall contain for the most recently completed fiscal year,
590 but not be limited to, the following:

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

593 (b) The history of yearly claims paid and premiums
594 received for each premium class, including, but not limited to,
595 active employees and dependents.

596 (c) The history of loss ratios for the active employees
597 and dependents premium classes as well as historical trend of the
598 ratios. For the purposes of this section, the term "loss ratios"
599 means claims paid by the plan for each premium class divided by
600 premiums received by the plan for insurance coverage of the
601 members in that premium class.

602 (d) Budgetary information, including:

603 (i) A detailed breakdown of all expenditures of
604 the plan, administrative and otherwise, for the most recently
605 completed fiscal year and projected expenditures, administrative
606 and otherwise, for the current and next fiscal year;

607 (ii) A schedule of all contracts, administrative
608 and otherwise, executed for the benefit of the plan during the
609 most recent completed fiscal year and those executed and
610 anticipated for the current fiscal year; and

611 (iii) A description of the processes used by the
612 board to procure all contracts, administrative and otherwise, as
613 well as a description of the scope of services to be provided by
614 each contractor.

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

617 The Joint Legislative Budget Committee, Senate Insurance
618 Committee, House Insurance Committee, Senate Education Committee,



619 House Education Committee and Joint Legislative Committee on
620 Performance Evaluation and Expenditure Review may request
621 additional information or reports from the board on an as-needed
622 basis.

623 (3) Annually, the board shall request, and the Department of
624 Audit shall conduct, a comprehensive audit of the State and School
625 Employees Life and Health Insurance Plan. For purposes of this
626 section, the audit required herein shall be separate and distinct
627 from any audit prepared in conjunction with the development of the
628 Comprehensive Annual Financial Report (CAFR).

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

631 * * *

632 25-15-14. Any elected state or district official who does
633 not run for reelection or who is defeated before being entitled to
634 receive a retirement allowance shall be eligible to continue to
635 participate in the State and School Employees Health Insurance
636 Plan and shall be required to pay the cost of the coverage.

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

639 * * *

640 25-15-15. (1) The board may determine the manner in which
641 premiums and contributions by the state agencies, local school
642 districts, colleges, universities, community/junior colleges and
643 public libraries will be collected to provide the self-insured
644 health insurance program for employees as provided under this
645 article. The state shall provide fifty percent (50%) of the cost
646 of the above life insurance plan and one hundred percent (100%) of
647 the cost of the above health insurance plan for all active
648 full-time employees. The employees shall be given the opportunity
649 to purchase coverage for their eligible dependents with the
650 premiums for the dependent coverage, as well as the employee's
651 fifty percent (50%) share for his life insurance coverage, to be



652 deductible from the employee's salary by the agency, department or
653 institution head. Those deductions, together with the fifty
654 percent (50%) share of the life insurance premiums of the
655 employing agency, department or institution head from funds
656 appropriated to or authorized to be expended by the employing
657 agency, department or institution head, shall be deposited
658 directly into a depository bank or special fund in the State
659 Treasury, as determined by the board. These funds and interest
660 earned on these funds may be used for the disbursement of claims
661 and shall be exempt from the appropriation process.

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

678 (3) The state shall annually provide one hundred percent
679 (100%) of the cost of the health insurance plan for all public
680 school district employees who work no less than twenty (20) hours
681 during each week and regular nonstudent school bus drivers. Where
682 federal funding is allowable to defray, in full or in part, the
683 cost of participation in the program by district employees who
684 work no less than twenty (20) hours during the week and regular



685 nonstudent bus drivers, whose salaries are paid, in full or in
686 part, by federal funds, the allowance under this section shall be
687 reduced to the extent of that federal funding. Where the use of
688 federal funds is allowable but not available, it is the intent of
689 the Legislature that school districts contribute the cost of
690 participation for the employees from local funds, except that
691 parent fees for child nutrition programs shall not be increased to
692 cover that cost.

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

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

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



718 (7) Any funds appropriated for the cost of insurance by line
719 item in the community/junior colleges appropriation bill that are
720 not expended during the fiscal year for which the funds were
721 appropriated shall be carried forward for the same purposes during
722 the next succeeding fiscal year.

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



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

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

757 * * *

758 25-15-103. The maximum amount of group insurance or other
759 coverage used in determining the employer's limitation of one
760 hundred percent (100%) of the costs shall be determined by
761 regulations promulgated by the governing board or head of any
762 political subdivision, school district, junior college district,
763 institution, department or agency named in Sections 25-15-101 and
764 25-15-103, but the life insurance for each employee shall not
765 exceed Fifty Thousand Dollars (\$50,000.00), or the amount of
766 deduction allowed by the United States Internal Revenue Service in
767 filing a federal tax return, whichever is greater. A like amount
768 may be for accidental death, accident, health and salary
769 protection insurance, providing benefits not exceeding sixty
770 percent (60%) of the employee's income, or the amount allowed by
771 the United States Internal Revenue Service in filing a federal tax
772 return, whichever is greater. Hospitalization benefits for room
773 and board may not exceed the average semiprivate cost per day; and
774 the other coverages authorized hereinabove. The limitations in
775 this paragraph on the amount of group insurance and other coverage
776 that employers may obtain for their employees shall not be
777 applicable to municipalities.

778 When any of the political subdivisions, school districts,
779 junior college districts, institutions, departments or agencies
780 named in Sections 25-15-101 and 25-15-103 have adopted the group
781 coverage plan authorized by those sections, any of the employees
782 thereof participating in the plan who desire to secure additional
783 benefits for their dependents with the company or companies



784 providing the group coverage may do so by authorizing in writing
785 the deduction from his or her salary or wages of the necessary
786 amounts for the full payment of the additional coverage, and the
787 same may be deducted and paid for those purposes, but the entire
788 cost of the additional coverage for dependents shall be paid by
789 the employee.

790 A municipality may provide group life insurance coverage for
791 all or specified groups of its public employees and group
792 hospitalization benefits for the public employees and their
793 dependents, and the municipality may pay the total of the cost of
794 all benefits under this section.

795 **SECTION 10.** This act shall take effect and be in force from
796 and after July 1, 2003.

