

By: Representative Guice

To: Insurance;
Appropriations

HOUSE BILL NO. 366

1 AN ACT TO AMEND SECTION 25-15-15, MISSISSIPPI CODE OF 1972,
2 TO PROVIDE THAT THE STATE SHALL PAY THE FULL COST OF HEALTH
3 INSURANCE COVERAGE FOR STATE RETIREES WHO ARE REEMPLOYED IN A
4 POSITION COVERED UNDER THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM; TO
5 AMEND SECTION 25-11-143, MISSISSIPPI CODE OF 1972, TO CONFORM; AND
6 FOR RELATED PURPOSES.

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

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

10 **[Through June 30 of the year in which Section 25-11-143**
11 **becomes effective as provided in subsection (1) of Section**
12 **25-11-143, this section shall read as follows:]**

13 25-15-15. (1) The board is authorized to determine the
14 manner in which premiums and contributions by the state agencies,
15 local school districts, colleges, universities, community/junior
16 colleges and public libraries shall be collected to provide the
17 self-insured health insurance program for employees as provided
18 under this article. The state shall provide fifty percent (50%)
19 of the cost of the above life insurance plan for all active
20 full-time employees and one hundred percent (100%) of the cost of
21 the above health insurance plan for all active full-time employees
22 and retirees who are reemployed in a position covered under the
23 Public Employees' Retirement System, and the active, full-time
24 employees shall be given the opportunity to purchase coverage for
25 their eligible dependents with the premiums for such dependent
26 coverage as well as the employee's fifty percent (50%) share for
27 his life insurance coverage to be deductible from the employee's
28 salary by the agency, department or institution head, which
29 deductions, together with the fifty percent (50%) share of such

30 life insurance premiums of such employing agency, department or
31 institution head from funds appropriated to or authorized to be
32 expended by such employing agency, department or institution head,
33 shall be deposited directly into a depository bank or special fund
34 in the State Treasury, as determined by the board. These funds
35 and interest earned on these funds may be used for the
36 disbursement of claims and shall be exempt from the appropriation
37 process.

38 (2) The state shall provide annually, by line item in the
39 Mississippi Library Commission appropriation bill, such funds to
40 pay one hundred percent (100%) of the cost of health insurance
41 under the State and School Employees Health Insurance Plan for all
42 full-time library staff members in each public library in
43 Mississippi and retirees who are reemployed in a position covered
44 under the Public Employees' Retirement System. The commission
45 shall allot to each public library a sufficient amount of those
46 funds appropriated to pay the costs of insurance for eligible
47 employees. Any funds so appropriated by line item which are not
48 expended during the fiscal year for which such funds were
49 appropriated shall be carried forward for the same purposes during
50 the next succeeding fiscal year. If any premiums for the health
51 insurance and/or late charges and interest penalties are not paid
52 by a public library in a timely manner, as defined by the board,
53 the Mississippi Library Commission, upon notice by the board,
54 shall immediately withhold all subsequent disbursements of funds
55 to that public library.

56 (3) The state shall annually provide one hundred percent
57 (100%) of the cost of the health insurance plan for all public
58 school district employees who work no less than twenty (20) hours
59 during each week and regular nonstudent school bus drivers and
60 retirees who are reemployed in a position covered under the Public
61 Employees' Retirement System. Where federal funding is allowable
62 to defray, in full or in part, the cost of participation in the

63 program by district employees who work no less than twenty (20)
64 hours during the week and regular nonstudent bus drivers, whose
65 salaries are paid, in full or in part, by federal funds, the
66 allowance under this section shall be reduced to the extent of
67 such federal funding. Where the use of federal funds is allowable
68 but not available, it is the intent of the Legislature that school
69 districts contribute the cost of participation for such employees
70 from local funds, except that parent fees for child nutrition
71 programs shall not be increased to cover such cost.

72 (4) The state shall provide annually, by line item in the
73 community/junior college appropriation bill, such funds to pay one
74 hundred percent (100%) of the cost of the health insurance plan
75 for all community/junior college district employees who work no
76 less than twenty (20) hours during each week and retirees who are
77 reemployed in a position covered under the Public Employees'
78 Retirement System.

79 (5) When the use of federal funding is allowable to defray,
80 in full or in part, the cost of participation in the insurance
81 plan by community/junior college district employees who work no
82 less than twenty (20) hours during each week, whose salaries are
83 paid, in full or in part, by federal funds, the allowance under
84 this section shall be reduced to the extent of the federal
85 funding. Where the use of federal funds is allowable but not
86 available, it is the intent of the Legislature that
87 community/junior college districts contribute the cost of
88 participation for such employees from local funds.

89 (6) Any community/junior college district may contribute to
90 the cost of coverage for any district employee from local
91 community/junior college district funds, and any public school
92 district may contribute to the cost of coverage for any district
93 employee from nonminimum program funds. Any part of the cost of
94 such coverage for participating employees of public school
95 districts and public community/junior college districts that is

96 not paid by the state shall be paid by the participating
97 employees, which shall be deducted from the salaries of the
98 employees in a manner determined by the board.

99 (7) Any funds appropriated for the cost of insurance by line
100 item in the community/junior colleges appropriation bill which are
101 not expended during the fiscal year for which such funds were
102 appropriated shall be carried forward for the same purposes during
103 the next succeeding fiscal year.

104 (8) The board may establish and enforce late charges and
105 interest penalties or other penalties for the purpose of requiring
106 the prompt payment of all premiums for life and health insurance
107 permitted under Chapter 15 of Title 25. All funds in excess of
108 the amount needed for disbursement of claims shall be deposited in
109 a special fund in the State Treasury to be known as the State and
110 School Employees Insurance Fund. The State Treasurer shall invest
111 all funds in the State and School Employees Insurance Fund and all
112 interest earned shall be credited to the State and School
113 Employees Insurance Fund. Such funds shall be placed with one or
114 more depositories of the state and invested on the first day such
115 funds are available for investment in certificates of deposit,
116 repurchase agreements or in United States Treasury bills or as
117 otherwise authorized by law for the investment of Public
118 Employees' Retirement System funds, as long as such investment is
119 made from competitive offering and at the highest and best market
120 rate obtainable consistent with any available investment
121 alternatives; however, such investments shall not be made in
122 shares of stock, common or preferred, or in any other investments
123 which would mature more than one (1) year from the date of
124 investment. The board shall have the authority to draw from this
125 fund periodically such funds as are necessary to operate the
126 self-insurance plan or to pay to the insurance carrier the cost of
127 operation of this plan, it being the purpose to limit the amount
128 of participation by the state to fifty percent (50%) of the cost

129 of the life insurance program and not to limit the contracting for
130 additional benefits where the cost will be paid in full by the
131 employee. The state shall not share in the cost of coverage for
132 retired employees except as otherwise provided in this section.

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

137 (10) Any retired employee electing to purchase retired life
138 and health insurance will have the full cost of such insurance
139 deducted monthly from his State of Mississippi retirement plan
140 check or direct billed for the cost of the premium if the
141 retirement check is insufficient to pay for the premium. If the
142 board determines actuarially that the premium paid by the
143 participating retirees adversely affects the overall cost of the
144 plan to the state, then the department may impose a premium
145 surcharge, not to exceed fifteen percent (15%), upon such
146 participating retired employees who are under the age for Medicare
147 eligibility.

148 **[From and after July 1 of the year in which Section 25-11-143**
149 **becomes effective as provided in subsection (1) of Section**
150 **25-11-143, this section shall read as follows:]**

151 25-15-15. (1) The board may determine the manner in which
152 premiums and contributions by the state agencies, local school
153 districts, colleges, universities, community/junior colleges and
154 public libraries will be collected to provide the self-insured
155 health insurance program for employees as provided under this
156 article. The state shall provide fifty percent (50%) of the cost
157 of the above life insurance plan for all active full-time
158 employees and one hundred percent (100%) of the cost of the above
159 health insurance plan for all active full-time employees and
160 retirees who are reemployed in a position covered under the Public
161 Employees' Retirement System. The employees shall be given the

162 opportunity to purchase coverage for their eligible dependents
163 with the premiums for the dependent coverage, as well as the
164 employee's fifty percent (50%) share for his life insurance
165 coverage, to be deductible from the employee's salary by the
166 agency, department or institution head. Those deductions,
167 together with the fifty percent (50%) share of the life insurance
168 premiums of the employing agency, department or institution head
169 from funds appropriated to or authorized to be expended by the
170 employing agency, department or institution head, shall be
171 deposited directly into a depository bank or special fund in the
172 State Treasury, as determined by the board. These funds and
173 interest earned on these funds may be used for the disbursement of
174 claims and shall be exempt from the appropriation process.

175 (2) The state shall provide annually, by line item in the
176 Mississippi Library Commission appropriation bill, the funds to
177 pay one hundred percent (100%) of the cost of health insurance
178 under the State and School Employees Health Insurance Plan for all
179 full-time library staff members in each public library in
180 Mississippi and retirees who are reemployed in a position covered
181 under the Public Employees' Retirement System. The commission
182 shall allot to each public library a sufficient amount of those
183 funds appropriated to pay the costs of insurance for eligible
184 employees. Any funds so appropriated by line item that are not
185 expended during the fiscal year for which the funds were
186 appropriated shall be carried forward for the same purposes during
187 the next succeeding fiscal year. If any premiums for the health
188 insurance and/or late charges and interest penalties are not paid
189 by a public library in a timely manner, as defined by the board,
190 the Mississippi Library Commission, upon notice by the board,
191 shall immediately withhold all subsequent disbursements of funds
192 to that public library.

193 (3) The state shall annually provide one hundred percent
194 (100%) of the cost of the health insurance plan for all public

195 school district employees who work no less than twenty (20) hours
196 during each week and regular nonstudent school bus drivers and
197 retirees who are reemployed in a position covered under the Public
198 Employees' Retirement System. Where federal funding is allowable
199 to defray, in full or in part, the cost of participation in the
200 program by district employees who work no less than twenty (20)
201 hours during the week and regular nonstudent bus drivers, whose
202 salaries are paid, in full or in part, by federal funds, the
203 allowance under this section shall be reduced to the extent of
204 that federal funding. Where the use of federal funds is allowable
205 but not available, it is the intent of the Legislature that school
206 districts contribute the cost of participation for the employees
207 from local funds, except that parent fees for child nutrition
208 programs shall not be increased to cover that cost.

209 (4) The state shall provide annually, by line item in the
210 community/junior college appropriation bill, the funds to pay one
211 hundred percent (100%) of the cost of the health insurance plan
212 for all community/junior college district employees who work no
213 less than twenty (20) hours during each week and retirees who are
214 reemployed in a position covered under the Public Employees'
215 Retirement System.

216 (5) When the use of federal funding is allowable to defray,
217 in full or in part, the cost of participation in the insurance
218 plan by community/junior college district employees who work no
219 less than twenty (20) hours during each week, whose salaries are
220 paid, in full or in part, by federal funds, the allowance under
221 this section shall be reduced to the extent of the federal
222 funding. Where the use of federal funds is allowable but not
223 available, it is the intent of the Legislature that
224 community/junior college districts contribute the cost of
225 participation for the employees from local funds.

226 (6) Any community/junior college district may contribute to
227 the cost of coverage for any district employee from local

228 community/junior college district funds, and any public school
229 district may contribute to the cost of coverage for any district
230 employee from nonminimum program funds. Any part of the cost of
231 the coverage for participating employees of public school
232 districts and public community/junior college districts that is
233 not paid by the state shall be paid by the participating
234 employees, which shall be deducted from the salaries of the
235 employees in a manner determined by the board.

236 (7) Any funds appropriated for the cost of insurance by line
237 item in the community/junior colleges appropriation bill that are
238 not expended during the fiscal year for which the funds were
239 appropriated shall be carried forward for the same purposes during
240 the next succeeding fiscal year.

241 (8) The board may establish and enforce late charges and
242 interest penalties or other penalties for the purpose of requiring
243 the prompt payment of all premiums for life and health insurance
244 permitted under Chapter 15 of Title 25. All funds in excess of
245 the amount needed for disbursement of claims shall be deposited in
246 a special fund in the State Treasury to be known as the State and
247 School Employees Insurance Fund. The State Treasurer shall invest
248 all funds in the State and School Employees Insurance Fund and all
249 interest earned shall be credited to the State and School
250 Employees Insurance Fund. Those funds shall be placed with one or
251 more depositories of the state and invested on the first day that
252 the funds are available for investment in certificates of deposit,
253 repurchase agreements or in United States Treasury bills or as
254 otherwise authorized by law for the investment of Public
255 Employees' Retirement System funds, as long as the investment is
256 made from competitive offering and at the highest and best market
257 rate obtainable consistent with any available investment
258 alternatives. However, those investments shall not be made in
259 shares of stock, common or preferred, or in any other investments
260 that would mature more than one (1) year from the date of

261 investment. The board shall have the authority to draw from this
262 fund periodically such funds as are necessary to operate the
263 self-insurance plan or to pay to the insurance carrier the cost of
264 operation of this plan, it being the purpose to limit the amount
265 of participation by the state to fifty percent (50%) of the cost
266 of the life insurance program and not to limit the contracting for
267 additional benefits where the cost will be paid in full by the
268 employee.

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

273 **SECTION 2.** Section 25-11-143, Mississippi Code of 1972, is
274 amended as follows:

275 25-11-143. (1) This provision of this section shall become
276 effective from and after July 1 of the year following the year in
277 which the board determines and the board's actuary certifies that
278 the employer's contribution rate to the Public Employees'
279 Retirement System can be reduced by one percent (1%) without
280 causing the unfunded accrued actuarial liability amortization
281 period for the retirement system to exceed twenty (20) years.

282 (2) As used in this section, the term "retiree" means any
283 person receiving a service or disability retirement benefit from
284 any system administered by the board; however, in the case of
285 persons participating in the optional retirement plan established
286 in Section 25-11-401 et seq., the term "retiree" includes only
287 those persons who would be entitled to receive a retirement
288 allowance under the provisions of Section 25-11-111 if they were
289 not members of the optional retirement plan.

290 (3) The board shall design a plan of health insurance for
291 all current and future retirees that will take effect from and
292 after January 1 following the year in which this section becomes
293 effective as provided in subsection (1) of this section. The plan

294 may include coverage for the spouse, surviving beneficiary and
295 dependent children of retirees and other such sponsored dependents
296 as the board considers appropriate; however, the subsidy provided
297 for in this section shall apply only to the cost of providing
298 coverage to retirees. This section shall not apply to those
299 retirees who are reemployed in a position covered under the Public
300 Employees' Retirement System and whose health insurance coverage
301 is paid for by the State of Mississippi in accordance with Section
302 25-15-15, as amended by House Bill No. , 2004 Regular Session.
303 Initially, the plan shall have benefits equivalent to those in the
304 State and School Employees Health Insurance Plan established in
305 Section 25-15-9; however, the board may modify the plan as
306 necessary to meet the needs of the members of the plan and to
307 maintain the fiscal soundness of the plan. The board may offer an
308 optional plan to retirees who are eligible for Medicare, and any
309 additional cost of that plan shall be paid by the retiree electing
310 that optional coverage.

311 (4) (a) Retirees may decline coverage in the plan
312 established by this section, but they may be included in the plan
313 later if they apply for coverage during any open enrollment
314 periods that may be established by the board and can show, by
315 evidence considered sufficient to the board, that they were
316 covered by health insurance during the period of time that they
317 were not covered by the plan established by this section. The
318 board may adjust the amount of the subsidy for those persons and
319 may limit the number of times retirees who decline coverage who
320 may be later included in the plan.

321 (b) The board shall determine the manner in which
322 persons who elect continuation coverage under the federal
323 Consolidated Omnibus Budget Reconciliation Act of 1987 (COBRA)
324 will be treated regarding their eligibility for coverage under the
325 plan established under this section and the amount of the subsidy
326 for those persons.

327 (5) From and after January 1 following the year in which
328 this section becomes effective as provided in subsection (1) of
329 this section, the board shall subsidize a portion of the cost of
330 providing the plan of health insurance to retirees. The amount of
331 the subsidy provided for each retiree shall be equal to a
332 percentage of the annual cost of providing coverage under the plan
333 to the retiree as determined by the board. Except as otherwise
334 provided in this section, the percentage amount of the subsidy
335 shall be two percent (2%) for each year of creditable service,
336 less any fronted service for age-limited disability benefits of
337 the retiree up to a maximum of sixty percent (60%). Once the
338 percentage amount of the subsidy has been determined under this
339 subsection, it may not be changed unless the retiree returns to
340 membership service and earns additional years of creditable
341 service or elects not to be enrolled in the plan for a period of
342 time.

343 (6) The amount of the subsidy for each disability retiree
344 shall be calculated in the same manner as other retirees. For
345 purposes of determining the amount that a disability retiree must
346 pay above the subsidy for coverage under the plan, the cost of
347 coverage for disability retirees shall be deemed to be the average
348 cost of providing coverage for other retirees as determined by the
349 board.

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

355 (8) From and after July 1 of the year in which this section
356 becomes effective as provided in subsection (1) of this section,
357 each employer shall pay monthly to the board an amount equal to
358 two and one-half percent (2.5%) of the total payroll of the
359 employer on which retirement contributions are made under

360 retirement plans administered by the Public Employees' Retirement
361 System.

362 (9) The board may establish and enforce late charges and
363 interest penalties or other penalties for the purpose of requiring
364 the prompt payment of all contributions required under this
365 section. After appropriation for administration expenses of the
366 program, all funds received by the board under this section shall
367 be held in a fund in the custody of the board. All those funds
368 held by the board shall be utilized for the purpose of subsidizing
369 the health insurance plan required to be established by this
370 section, and shall be invested as provided in Section 25-11-145.

371 (10) The board:

372 (a) Shall administer the plan;

373 (b) Shall have the sole authority to promulgate rules
374 and regulations governing the plan, and shall be vested with all
375 legal authority necessary and proper to perform this function
376 including, but not limited to, defining the benefits provided by
377 the plan, requesting and accepting bids for services, establishing
378 premium rates and receiving premium payments;

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

382 (d) Is authorized to procure legal services if it deems
383 these services necessary to carry out its responsibilities under
384 this section.

385 **SECTION 3.** This act shall take effect and be in force from
386 and after July 1, 2004.