

By: Representatives Gadd, Holland, Pierce,
Chism, Beckett, Frierson, Green, Guice,
Hudson, McCoy, Middleton, Moak, Montgomery,
Rogers (61st), West, Harrison, Warren

To: Appropriations

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 521

1 AN ACT TO AMEND SECTIONS 25-15-3, 25-15-15 AND 37-151-95,
2 MISSISSIPPI CODE OF 1972, TO PROVIDE THAT THE STATE SHALL PAY 100%
3 OF THE COST OF THE HEALTH INSURANCE PREMIUMS FOR ALL RETIRED
4 MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM WHO ARE
5 EMPLOYED BY PUBLIC SCHOOL DISTRICTS AS SCHOOL BUS DRIVERS; TO
6 AMEND SECTION 25-11-127, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT
7 THE AMOUNT PAID BY THE STATE FOR THE COST OF HEALTH INSURANCE
8 PREMIUMS FOR THOSE RETIREES SHALL NOT BE CONSIDERED AS PART OF THE
9 SALARY OR THE EARNED COMPENSATION OF THOSE RETIREES WHO ARE
10 EMPLOYED AFTER RETIREMENT; TO AUTHORIZE PUBLIC SCHOOL DISTRICTS
11 THAT EMPLOYED THOSE RETIREES AS SCHOOL BUS DRIVERS DURING THE
12 PERIOD FROM SEPTEMBER 1, 2003, THROUGH THE EFFECTIVE DATE OF THIS
13 ACT TO REIMBURSE THE RETIREES FOR THE AMOUNT OF THE HEALTH
14 INSURANCE PREMIUMS THAT THEY PAID DURING THAT TIME, USING ADEQUATE
15 EDUCATION PROGRAM FUNDS AVAILABLE TO THE DISTRICT; AND FOR RELATED
16 PURPOSES.

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

18 **SECTION 1.** Section 25-15-3, Mississippi Code of 1972, is
19 amended as follows:

20 **[Through June 30 of the year in which Section 25-11-143**
21 **becomes effective as provided in subsection (1) of Section**
22 **25-11-143, this section shall read as follows:]**

23 25-15-3. For the purposes of this article, the words and
24 phrases used herein shall have the following meanings:

25 (a) "Employee" means any person who works full time for
26 the State of Mississippi and receives his compensation in a direct
27 payment from a department, agency or institution of the state
28 government; any person who works full time for any school
29 district, community/junior college, public library or
30 university-based program authorized under Section 37-23-31 for
31 deaf, aphasic and emotionally disturbed children; any regular
32 nonstudent bus driver; and any retired member of the Public
33 Employees' Retirement System who is employed by a public school
34 district as a school bus driver. This term includes legislators,

35 employees of the legislative branch and the judicial branch of the
36 state, full-time salaried judges and full-time district attorneys
37 and their staff and full-time compulsory school attendance
38 officers. For the purposes of this article, any "employee" making
39 contributions to the Public Employees' Retirement System or the
40 Highway Safety Patrol Retirement System shall be considered a
41 full-time employee.

42 (b) "Department" means the Department of Finance and
43 Administration.

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

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

48 (e) "Retiree" means any employee who is retired under
49 the Public Employees' Retirement System or the Highway Safety
50 Patrol Retirement System and is receiving a retirement allowance
51 from either system.

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

54 **[From and after July 1 of the year in which Section 25-11-143**
55 **becomes effective as provided in subsection (1) of Section**
56 **25-11-143, this section shall read as follows:]**

57 25-15-3. For the purposes of this article, the words and
58 phrases used in this section shall have the following meanings:

59 (a) "Employee" means any person who works full time for
60 the State of Mississippi and receives his compensation in a direct
61 payment from a department, agency or institution of the state
62 government; any person who works full time for any school
63 district, community/junior college, public library,
64 university-based program authorized under Section 37-23-31 for
65 deaf, aphasic and emotionally disturbed children; and any regular
66 nonstudent bus driver. This term includes legislators, employees
67 of the legislative branch and the judicial branch of the state,

68 full-time salaried judges and full-time district attorneys and
69 their staff, and full-time compulsory school attendance officers.
70 For the purposes of this article, any "employee" making
71 contributions to the Public Employees' Retirement System or the
72 Highway Safety Patrol Retirement System shall be considered a
73 full-time employee.

74 (b) "Department" means the Department of Finance and
75 Administration.

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

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

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

82 **SECTION 2.** Section 25-15-15, Mississippi Code of 1972, is
83 amended as follows:

84 **[Through June 30 of the year in which Section 25-11-143**
85 **becomes effective as provided in subsection (1) of Section**
86 **25-11-143, this section shall read as follows:]**

87 25-15-15. (1) The board is authorized to determine the
88 manner in which premiums and contributions by the state agencies,
89 local school districts, colleges, universities, community/junior
90 colleges and public libraries shall be collected to provide the
91 self-insured health insurance program for employees as provided
92 under this article. The state shall provide fifty percent (50%)
93 of the cost of the above life insurance plan and one hundred
94 percent (100%) of the cost of the above health insurance plan for
95 all active full-time employees, and one hundred percent (100%) of
96 the cost of the above health insurance plan for all retired
97 members of the Public Employees' Retirement System who are
98 employed by public school districts as school bus drivers. The
99 employees shall be given the opportunity to purchase coverage for
100 their eligible dependents with the premiums for such dependent

101 coverage, as well as the employee's fifty percent (50%) share for
102 his life insurance coverage, to be deductible from the employee's
103 salary by the agency, department or institution head. Those
104 deductions, together with the fifty percent (50%) share of such
105 life insurance premiums of such employing agency, department or
106 institution head from funds appropriated to or authorized to be
107 expended by such employing agency, department or institution head,
108 shall be deposited directly into a depository bank or special fund
109 in the State Treasury, as determined by the board. These funds
110 and interest earned on these funds may be used for the
111 disbursement of claims and shall be exempt from the appropriation
112 process.

113 (2) The state shall provide annually, by line item in the
114 Mississippi Library Commission appropriation bill, such funds to
115 pay one hundred percent (100%) of the cost of health insurance
116 under the State and School Employees Health Insurance Plan for all
117 full-time library staff members in each public library in
118 Mississippi. The commission shall allot to each public library a
119 sufficient amount of those funds appropriated to pay the costs of
120 insurance for eligible employees. Any funds so appropriated by
121 line item which are not expended during the fiscal year for which
122 such funds were appropriated shall be carried forward for the same
123 purposes during the next succeeding fiscal year. If any premiums
124 for the health insurance and/or late charges and interest
125 penalties are not paid by a public library in a timely manner, as
126 defined by the board, the Mississippi Library Commission, upon
127 notice by the board, shall immediately withhold all subsequent
128 disbursements of funds to that public library.

129 (3) The state shall annually provide one hundred percent
130 (100%) of the cost of the health insurance plan for all public
131 school district employees who work no less than twenty (20) hours
132 during each week, regular nonstudent school bus drivers, and
133 retired members of the Public Employees' Retirement System who are

134 employed by public school districts as school bus drivers. Where
135 federal funding is allowable to defray, in full or in part, the
136 cost of participation in the program by district employees who
137 work no less than twenty (20) hours during the week, regular
138 nonstudent bus drivers, and retired members of the Public
139 Employees' Retirement System who are employed by public school
140 districts as school bus drivers, whose salaries are paid, in full
141 or in part, by federal funds, the allowance under this section
142 shall be reduced to the extent of such federal funding. Where the
143 use of federal funds is allowable but not available, it is the
144 intent of the Legislature that school districts contribute the
145 cost of participation for such employees from local funds, except
146 that parent fees for child nutrition programs shall not be
147 increased to cover such cost.

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

153 (5) When the use of federal funding is allowable to defray,
154 in full or in part, the cost of participation in the insurance
155 plan by community/junior college district employees who work no
156 less than twenty (20) hours during each week, whose salaries are
157 paid, in full or in part, by federal funds, the allowance under
158 this section shall be reduced to the extent of the federal
159 funding. Where the use of federal funds is allowable but not
160 available, it is the intent of the Legislature that
161 community/junior college districts contribute the cost of
162 participation for such employees from local funds.

163 (6) Any community/junior college district may contribute to
164 the cost of coverage for any district employee from local
165 community/junior college district funds, and any public school
166 district may contribute to the cost of coverage for any district

167 employee from nonminimum program funds. Any part of the cost of
168 such coverage for participating employees of public school
169 districts and public community/junior college districts that is
170 not paid by the state shall be paid by the participating
171 employees, which shall be deducted from the salaries of the
172 employees in a manner determined by the board.

173 (7) Any funds appropriated for the cost of insurance by line
174 item in the community/junior colleges appropriation bill which are
175 not expended during the fiscal year for which such funds were
176 appropriated shall be carried forward for the same purposes during
177 the next succeeding fiscal year.

178 (8) The board may establish and enforce late charges and
179 interest penalties or other penalties for the purpose of requiring
180 the prompt payment of all premiums for life and health insurance
181 permitted under Chapter 15 of Title 25. All funds in excess of
182 the amount needed for disbursement of claims shall be deposited in
183 a special fund in the State Treasury to be known as the State and
184 School Employees Insurance Fund. The State Treasurer shall invest
185 all funds in the State and School Employees Insurance Fund and all
186 interest earned shall be credited to the State and School
187 Employees Insurance Fund. Such funds shall be placed with one or
188 more depositories of the state and invested on the first day such
189 funds are available for investment in certificates of deposit,
190 repurchase agreements or in United States Treasury bills or as
191 otherwise authorized by law for the investment of Public
192 Employees' Retirement System funds, as long as such investment is
193 made from competitive offering and at the highest and best market
194 rate obtainable consistent with any available investment
195 alternatives; however, such investments shall not be made in
196 shares of stock, common or preferred, or in any other investments
197 which would mature more than one (1) year from the date of
198 investment. The board shall have the authority to draw from this
199 fund periodically such funds as are necessary to operate the

200 self-insurance plan or to pay to the insurance carrier the cost of
201 operation of this plan, it being the purpose to limit the amount
202 of participation by the state to fifty percent (50%) of the cost
203 of the life insurance program and not to limit the contracting for
204 additional benefits where the cost will be paid in full by the
205 employee. The state shall not share in the cost of coverage for
206 retired employees, except for retired members of the Public
207 Employees' Retirement System who are employed by public school
208 districts as school bus drivers.

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

213 (10) Any retired employee electing to purchase retired life
214 and health insurance will have the full cost of such insurance
215 deducted monthly from his State of Mississippi retirement plan
216 check or direct billed for the cost of the premium if the
217 retirement check is insufficient to pay for the premium. If the
218 board determines actuarially that the premium paid by the
219 participating retirees adversely affects the overall cost of the
220 plan to the state, then the department may impose a premium
221 surcharge, not to exceed fifteen percent (15%), upon such
222 participating retired employees who are under the age for Medicare
223 eligibility.

224 **[From and after July 1 of the year in which Section 25-11-143**
225 **becomes effective as provided in subsection (1) of Section**
226 **25-11-143, this section shall read as follows:]**

227 25-15-15. (1) The board may determine the manner in which
228 premiums and contributions by the state agencies, local school
229 districts, colleges, universities, community/junior colleges and
230 public libraries will be collected to provide the self-insured
231 health insurance program for employees as provided under this
232 article. The state shall provide fifty percent (50%) of the cost

233 of the above life insurance plan and one hundred percent (100%) of
234 the cost of the above health insurance plan for all active
235 full-time employees. The employees shall be given the opportunity
236 to purchase coverage for their eligible dependents with the
237 premiums for the dependent coverage, as well as the employee's
238 fifty percent (50%) share for his life insurance coverage, to be
239 deductible from the employee's salary by the agency, department or
240 institution head. Those deductions, together with the fifty
241 percent (50%) share of the life insurance premiums of the
242 employing agency, department or institution head from funds
243 appropriated to or authorized to be expended by the employing
244 agency, department or institution head, shall be deposited
245 directly into a depository bank or special fund in the State
246 Treasury, as determined by the board. These funds and interest
247 earned on these funds may be used for the disbursement of claims
248 and shall be exempt from the appropriation process.

249 (2) The state shall provide annually, by line item in the
250 Mississippi Library Commission appropriation bill, the funds to
251 pay one hundred percent (100%) of the cost of health insurance
252 under the State and School Employees Health Insurance Plan for all
253 full-time library staff members in each public library in
254 Mississippi. The commission shall allot to each public library a
255 sufficient amount of those funds appropriated to pay the costs of
256 insurance for eligible employees. Any funds so appropriated by
257 line item that are not expended during the fiscal year for which
258 the funds were appropriated shall be carried forward for the same
259 purposes during the next succeeding fiscal year. If any premiums
260 for the health insurance and/or late charges and interest
261 penalties are not paid by a public library in a timely manner, as
262 defined by the board, the Mississippi Library Commission, upon
263 notice by the board, shall immediately withhold all subsequent
264 disbursements of funds to that public library.

265 (3) The state shall annually provide one hundred percent
266 (100%) of the cost of the health insurance plan for all public
267 school district employees who work no less than twenty (20) hours
268 during each week and regular nonstudent school bus drivers. Where
269 federal funding is allowable to defray, in full or in part, the
270 cost of participation in the program by district employees who
271 work no less than twenty (20) hours during the week and regular
272 nonstudent bus drivers, whose salaries are paid, in full or in
273 part, by federal funds, the allowance under this section shall be
274 reduced to the extent of that federal funding. Where the use of
275 federal funds is allowable but not available, it is the intent of
276 the Legislature that school districts contribute the cost of
277 participation for the employees from local funds, except that
278 parent fees for child nutrition programs shall not be increased to
279 cover that cost.

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

285 (5) When the use of federal funding is allowable to defray,
286 in full or in part, the cost of participation in the insurance
287 plan by community/junior college district employees who work no
288 less than twenty (20) hours during each week, whose salaries are
289 paid, in full or in part, by federal funds, the allowance under
290 this section shall be reduced to the extent of the federal
291 funding. Where the use of federal funds is allowable but not
292 available, it is the intent of the Legislature that
293 community/junior college districts contribute the cost of
294 participation for the employees from local funds.

295 (6) Any community/junior college district may contribute to
296 the cost of coverage for any district employee from local
297 community/junior college district funds, and any public school

298 district may contribute to the cost of coverage for any district
299 employee from nonminimum program funds. Any part of the cost of
300 the coverage for participating employees of public school
301 districts and public community/junior college districts that is
302 not paid by the state shall be paid by the participating
303 employees, which shall be deducted from the salaries of the
304 employees in a manner determined by the board.

305 (7) Any funds appropriated for the cost of insurance by line
306 item in the community/junior colleges appropriation bill that are
307 not expended during the fiscal year for which the funds were
308 appropriated shall be carried forward for the same purposes during
309 the next succeeding fiscal year.

310 (8) The board may establish and enforce late charges and
311 interest penalties or other penalties for the purpose of requiring
312 the prompt payment of all premiums for life and health insurance
313 permitted under Chapter 15 of Title 25. All funds in excess of
314 the amount needed for disbursement of claims shall be deposited in
315 a special fund in the State Treasury to be known as the State and
316 School Employees Insurance Fund. The State Treasurer shall invest
317 all funds in the State and School Employees Insurance Fund and all
318 interest earned shall be credited to the State and School
319 Employees Insurance Fund. Those funds shall be placed with one or
320 more depositories of the state and invested on the first day that
321 the funds are available for investment in certificates of deposit,
322 repurchase agreements or in United States Treasury bills or as
323 otherwise authorized by law for the investment of Public
324 Employees' Retirement System funds, as long as the investment is
325 made from competitive offering and at the highest and best market
326 rate obtainable consistent with any available investment
327 alternatives. However, those investments shall not be made in
328 shares of stock, common or preferred, or in any other investments
329 that would mature more than one (1) year from the date of
330 investment. The board shall have the authority to draw from this

331 fund periodically such funds as are necessary to operate the
332 self-insurance plan or to pay to the insurance carrier the cost of
333 operation of this plan, it being the purpose to limit the amount
334 of participation by the state to fifty percent (50%) of the cost
335 of the life insurance program and not to limit the contracting for
336 additional benefits where the cost will be paid in full by the
337 employee.

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

342 **SECTION 3.** Section 37-151-95, Mississippi Code of 1972, is
343 amended as follows:

344 37-151-95. Adequate education program funds shall include
345 one hundred percent (100%) of the cost of the State and School
346 Employees' Life and Health Insurance Plan created under Article 7,
347 Chapter 15, Title 25, Mississippi Code of 1972, for all district
348 employees who work no less than twenty (20) hours during each
349 week, regular nonstudent school bus drivers employed by the
350 district, and retired members of the Public Employees' Retirement
351 System who are employed by the district as school bus drivers.

352 Where the use of federal funding is allowable to defray, in
353 full or in part, the cost of participation in the insurance plan
354 by district employees who work no less than twenty (20) hours
355 during each week, regular nonstudent school bus drivers, and
356 retired members of the Public Employees' Retirement System who are
357 employed by the district as school bus drivers, whose salaries are
358 paid, in full or in part, by federal funds, the allowance under
359 this section shall be reduced to the extent of the federal
360 funding. Where the use of federal funds is allowable but not
361 available, it is the intent of the Legislature that school
362 districts contribute the cost of participation for such employees

363 from local funds, except that parent fees for child nutrition
364 programs shall not be increased to cover such cost.

365 The State Department of Education, in accordance with rules
366 and regulations established by the State Board of Education, may
367 withhold a school district's adequate education program funds for
368 failure of the district to timely report student, fiscal and
369 personnel data necessary to meet state and/or federal
370 requirements. The rules and regulations promulgated by the State
371 Board of Education shall require the withholding of adequate
372 education program funds for those districts that fail to remit
373 premiums, interest penalties and/or late charges under the State
374 and School Employees' Life and Health Insurance Plan.
375 Noncompliance with such rules and regulations shall result in a
376 violation of compulsory accreditation standards as established by
377 the State Board of Education and Commission on School
378 Accreditation.

379 **SECTION 4.** Section 25-11-127, Mississippi Code of 1972, is
380 amended as follows:

381 25-11-127. (1) (a) No person who is being paid a
382 retirement allowance or a pension after retirement under this
383 article shall be employed or paid for any service by the State of
384 Mississippi, except as provided in this section.

385 (b) No retiree of this retirement system who is
386 reemployed or is reelected to office after retirement shall
387 continue to draw retirement benefits while so reemployed, except
388 as provided in this section.

389 (c) No person employed or elected under the exceptions
390 provided for in this section shall become a member under Article 3
391 of the retirement system.

392 (2) Any person who has been retired under the provisions of
393 Article 3 and who is later reemployed in service covered by this
394 article shall cease to receive benefits under this article and
395 shall again become a contributing member of the retirement system.

396 When the person retires again, if the reemployment exceeds six (6)
397 months, the person shall have his or her benefit recomputed,
398 including service after again becoming a member, provided that the
399 total retirement allowance paid to the retired member in his or
400 her previous retirement shall be deducted from the member's
401 retirement reserve and taken into consideration in recalculating
402 the retirement allowance under a new option selected.

403 (3) The board shall have the right to prescribe rules and
404 regulations for carrying out the provisions of this section.

405 (4) The provisions of this section shall not be construed to
406 prohibit any retiree, regardless of age, from being employed and
407 drawing a retirement allowance either:

408 (a) For a period of time not to exceed one-half (1/2)
409 of the normal working days for the position in any fiscal year
410 during which the retiree will receive no more than one-half (1/2)
411 of the salary in effect for the position at the time of
412 employment, or

413 (b) For a period of time in any fiscal year sufficient
414 in length to permit a retiree to earn not in excess of twenty-five
415 percent (25%) of retiree's average compensation.

416 To determine the normal working days for a position under
417 paragraph (a) of this subsection, the employer shall determine the
418 required number of working days for the position on a full-time
419 basis and the equivalent number of hours representing the
420 full-time position. The retiree then may work up to one-half
421 (1/2) of the required number of working days or up to one-half
422 (1/2) of the equivalent number of hours and receive up to one-half
423 (1/2) of the salary for the position. In the case of employment
424 with multiple employers, the limitation shall equal one-half (1/2)
425 of the number of days or hours for a single full-time position.

426 Notice shall be given in writing to the executive director,
427 setting forth the facts upon which the employment is being made,
428 and the notice shall be given within five (5) days from the date

429 of employment and also from the date of termination of the
430 employment.

431 For the purposes of this subsection (4), the amount paid by
432 the state for the cost of the health insurance premiums for
433 retirees who are employed by public school districts as school bus
434 drivers, as provided in Section 25-15-15, shall not be considered
435 as part of the salary or the earned compensation of those
436 retirees.

437 (5) Any member may continue in municipal or county elected
438 office or be elected to a municipal or county office, provided
439 that the person:

440 (a) Files annually, in writing, in the office of the
441 employer and the office of the executive director of the system
442 before the person takes office or as soon as possible after
443 retirement, a waiver of all salary or compensation and elects to
444 receive in lieu of that salary or compensation a retirement
445 allowance as provided in this section, in which event no salary or
446 compensation shall thereafter be due or payable for those
447 services; however, any such officer or employee may receive, in
448 addition to the retirement allowance, office expense allowance,
449 mileage or travel expense authorized by any statute of the State
450 of Mississippi; or

451 (b) Elects to receive compensation for that elective
452 office in an amount not to exceed twenty-five percent (25%) of the
453 retiree's average compensation. As used in this paragraph, the
454 term "compensation" shall not include office expense allowance,
455 mileage or travel expense authorized by a statute of the State of
456 Mississippi. In order to receive compensation as allowed in this
457 paragraph, the member shall file annually, in writing, in the
458 office of the employer and the office of the executive director of
459 the system, an election to receive, in addition to a retirement
460 allowance, compensation as allowed in this paragraph.

461 **SECTION 5.** Any public school district that employed one or
462 more retired members of the Public Employees' Retirement System as
463 school bus drivers for the district during the period from
464 September 1, 2003, through the effective date of this act may
465 reimburse those employees for all or part of the amount of the
466 health insurance premiums that the employees paid to the State and
467 School Employees Life and Health Insurance Plan during that time.
468 Those school districts may use any Mississippi Adequate Education
469 Program funds available to the district to make the reimbursement
470 authorized under this section.

471 **SECTION 6.** This act shall take effect and be in force from
472 and after its passage.