

By: Representative Smith (27th)

To: Insurance;  
Appropriations

HOUSE BILL NO. 175

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 FOR PUBLIC SCHOOL TEACHERS WHO HAVE RETIRED UNDER THE  
4 PUBLIC EMPLOYEES' RETIREMENT SYSTEM; TO AMEND SECTION 25-11-143,  
5 MISSISSIPPI CODE OF 1972, IN CONFORMITY THERETO; AND FOR RELATED  
6 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 and one hundred  
20 percent (100%) of the cost of the above health insurance plan for  
21 all active full-time employees and public school teachers who have  
22 retired under the Public Employees' Retirement System. The active  
23 full-time employees shall be given the opportunity to purchase  
24 coverage for their eligible dependents with the premiums for such  
25 dependent coverage as well as the employee's fifty percent (50%)  
26 share for his life insurance coverage to be deductible from the  
27 employee's salary by the agency, department or institution head,  
28 which deductions, together with the fifty percent (50%) share of  
29 such life insurance premiums of such employing agency, department

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

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

53 (3) The state shall annually provide one hundred percent  
54 (100%) of the cost of the health insurance plan for all public  
55 school district employees who work no less than twenty (20) hours  
56 during each week and regular nonstudent school bus drivers. Where  
57 federal funding is allowable to defray, in full or in part, the  
58 cost of participation in the program by district employees who  
59 work no less than twenty (20) hours during the week and regular  
60 nonstudent bus drivers, whose salaries are paid, in full or in  
61 part, by federal funds, the allowance under this section shall be  
62 reduced to the extent of such federal funding. Where the use of

63 federal funds is allowable but not available, it is the intent of  
64 the Legislature that school districts contribute the cost of  
65 participation for such employees from local funds, except that  
66 parent fees for child nutrition programs shall not be increased to  
67 cover such cost.

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

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

83 (6) Any community/junior college district may contribute to  
84 the cost of coverage for any district employee from local  
85 community/junior college district funds, and any public school  
86 district may contribute to the cost of coverage for any district  
87 employee from nonminimum program funds. Any part of the cost of  
88 such coverage for participating employees of public school  
89 districts and public community/junior college districts that is  
90 not paid by the state shall be paid by the participating  
91 employees, which shall be deducted from the salaries of the  
92 employees in a manner determined by the board.

93 (7) Any funds appropriated for the cost of insurance by line  
94 item in the community/junior colleges appropriation bill which are  
95 not expended during the fiscal year for which such funds were

96 appropriated shall be carried forward for the same purposes during  
97 the next succeeding fiscal year.

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

127 (9) The board shall also provide for the creation of an  
128 Insurance Reserve Fund and funds therein shall be invested by the

129 State Treasurer with all interest earned credited to the State and  
130 School Employees Insurance Fund.

131 (10) Except as otherwise provided herein for public school  
132 teachers who are retired under the Public Employees' Retirement  
133 System, any retired employee electing to purchase retired life and  
134 health insurance will have the full cost of such insurance  
135 deducted monthly from his State of Mississippi retirement plan  
136 check or direct billed for the cost of the premium if the  
137 retirement check is insufficient to pay for the premium. If the  
138 board determines actuarially that the premium paid by the  
139 participating retirees adversely affects the overall cost of the  
140 plan to the state, then the department may impose a premium  
141 surcharge, not to exceed fifteen percent (15%), upon such  
142 participating retired employees who are under the age for Medicare  
143 eligibility.

144 **[From and after July 1 of the year in which Section 25-11-143**  
145 **becomes effective as provided in subsection (1) of Section**  
146 **25-11-143, this section shall read as follows:]**

147 25-15-15. (1) The board may determine the manner in which  
148 premiums and contributions by the state agencies, local school  
149 districts, colleges, universities, community/junior colleges and  
150 public libraries will be collected to provide the self-insured  
151 health insurance program for employees as provided under this  
152 article. The state shall provide fifty percent (50%) of the cost  
153 of the above life insurance plan and one hundred percent (100%) of  
154 the cost of the above health insurance plan for all active  
155 full-time employees and public school teachers who are retired  
156 under the Public Employees' Retirement System. The employees  
157 shall be given the opportunity to purchase coverage for their  
158 eligible dependents with the premiums for the dependent coverage,  
159 as well as the employee's fifty percent (50%) share for his life  
160 insurance coverage, to be deductible from the employee's salary by  
161 the agency, department or institution head. Those deductions,

162 together with the fifty percent (50%) share of the life insurance  
163 premiums of the employing agency, department or institution head  
164 from funds appropriated to or authorized to be expended by the  
165 employing agency, department or institution head, shall be  
166 deposited directly into a depository bank or special fund in the  
167 State Treasury, as determined by the board. These funds and  
168 interest earned on these funds may be used for the disbursement of  
169 claims and shall be exempt from the appropriation process.

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

186 (3) The state shall annually provide one hundred percent  
187 (100%) of the cost of the health insurance plan for all public  
188 school district employees who work no less than twenty (20) hours  
189 during each week and regular nonstudent school bus drivers. Where  
190 federal funding is allowable to defray, in full or in part, the  
191 cost of participation in the program by district employees who  
192 work no less than twenty (20) hours during the week and regular  
193 nonstudent bus drivers, whose salaries are paid, in full or in  
194 part, by federal funds, the allowance under this section shall be

195 reduced to the extent of that federal funding. Where the use of  
196 federal funds is allowable but not available, it is the intent of  
197 the Legislature that school districts contribute the cost of  
198 participation for the employees from local funds, except that  
199 parent fees for child nutrition programs shall not be increased to  
200 cover that cost.

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

206 (5) When the use of federal funding is allowable to defray,  
207 in full or in part, the cost of participation in the insurance  
208 plan by community/junior college district employees who work no  
209 less than twenty (20) hours during each week, whose salaries are  
210 paid, in full or in part, by federal funds, the allowance under  
211 this section shall be reduced to the extent of the federal  
212 funding. Where the use of federal funds is allowable but not  
213 available, it is the intent of the Legislature that  
214 community/junior college districts contribute the cost of  
215 participation for the employees from local funds.

216 (6) Any community/junior college district may contribute to  
217 the cost of coverage for any district employee from local  
218 community/junior college district funds, and any public school  
219 district may contribute to the cost of coverage for any district  
220 employee from nonminimum program funds. Any part of the cost of  
221 the coverage for participating employees of public school  
222 districts and public community/junior college districts that is  
223 not paid by the state shall be paid by the participating  
224 employees, which shall be deducted from the salaries of the  
225 employees in a manner determined by the board.

226 (7) Any funds appropriated for the cost of insurance by line  
227 item in the community/junior colleges appropriation bill that are

228 not expended during the fiscal year for which the funds were  
229 appropriated shall be carried forward for the same purposes during  
230 the next succeeding fiscal year.

231 (8) The board may establish and enforce late charges and  
232 interest penalties or other penalties for the purpose of requiring  
233 the prompt payment of all premiums for life and health insurance  
234 permitted under Chapter 15 of Title 25. All funds in excess of  
235 the amount needed for disbursement of claims shall be deposited in  
236 a special fund in the State Treasury to be known as the State and  
237 School Employees Insurance Fund. The State Treasurer shall invest  
238 all funds in the State and School Employees Insurance Fund and all  
239 interest earned shall be credited to the State and School  
240 Employees Insurance Fund. Those funds shall be placed with one or  
241 more depositories of the state and invested on the first day that  
242 the funds are available for investment in certificates of deposit,  
243 repurchase agreements or in United States Treasury bills or as  
244 otherwise authorized by law for the investment of Public  
245 Employees' Retirement System funds, as long as the investment is  
246 made from competitive offering and at the highest and best market  
247 rate obtainable consistent with any available investment  
248 alternatives. However, those investments shall not be made in  
249 shares of stock, common or preferred, or in any other investments  
250 that would mature more than one (1) year from the date of  
251 investment. The board shall have the authority to draw from this  
252 fund periodically such funds as are necessary to operate the  
253 self-insurance plan or to pay to the insurance carrier the cost of  
254 operation of this plan, it being the purpose to limit the amount  
255 of participation by the state to fifty percent (50%) of the cost  
256 of the life insurance program and not to limit the contracting for  
257 additional benefits where the cost will be paid in full by the  
258 employee.

259 (9) The board shall also provide for the creation of an  
260 Insurance Reserve Fund, and funds in the reserve fund shall be



261 invested by the State Treasurer with all interest earned credited  
262 to the State and School Employees Insurance Fund.

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

265 25-11-143. (1) This provision of this section shall become  
266 effective from and after July 1 of the year following the year in  
267 which the board determines and the board's actuary certifies that  
268 the employer's contribution rate to the Public Employees'  
269 Retirement System can be reduced by one percent (1%) without  
270 causing the unfunded accrued actuarial liability amortization  
271 period for the retirement system to exceed twenty (20) years.

272 (2) As used in this section, the term "retiree" means any  
273 person receiving a service or disability retirement benefit from  
274 any system administered by the board; however, in the case of  
275 persons participating in the optional retirement plan established  
276 in Section 25-11-401 et seq., the term "retiree" includes only  
277 those persons who would be entitled to receive a retirement  
278 allowance under the provisions of Section 25-11-111 if they were  
279 not members of the optional retirement plan.

280 (3) The board shall design a plan of health insurance for  
281 all current and future retirees that will take effect from and  
282 after January 1 following the year in which this section becomes  
283 effective as provided in subsection (1) of this section. The plan  
284 may include coverage for the spouse, surviving beneficiary and  
285 dependent children of retirees and other such sponsored dependents  
286 as the board considers appropriate; however, the subsidy provided  
287 for in this section shall apply only to the cost of providing  
288 coverage to retirees. Initially, the plan shall have benefits  
289 equivalent to those in the State and School Employees Health  
290 Insurance Plan established in Section 25-15-9; however, the board  
291 may modify the plan as necessary to meet the needs of the members  
292 of the plan and to maintain the fiscal soundness of the plan. The  
293 board may offer an optional plan to retirees who are eligible for

294 Medicare, and any additional cost of that plan shall be paid by  
295 the retiree electing that optional coverage.

296 (4) (a) Retirees may decline coverage in the plan  
297 established by this section, but they may be included in the plan  
298 later if they apply for coverage during any open enrollment  
299 periods that may be established by the board and can show, by  
300 evidence considered sufficient to the board, that they were  
301 covered by health insurance during the period of time that they  
302 were not covered by the plan established by this section. The  
303 board may adjust the amount of the subsidy for those persons and  
304 may limit the number of times retirees who decline coverage who  
305 may be later included in the plan.

306 (b) The board shall determine the manner in which  
307 persons who elect continuation coverage under the federal  
308 Consolidated Omnibus Budget Reconciliation Act of 1987 (COBRA)  
309 will be treated regarding their eligibility for coverage under the  
310 plan established under this section and the amount of the subsidy  
311 for those persons.

312 (5) From and after January 1 following the year in which  
313 this section becomes effective as provided in subsection (1) of  
314 this section, the board shall subsidize a portion of the cost of  
315 providing the plan of health insurance to retirees. The amount of  
316 the subsidy provided for each retiree shall be equal to a  
317 percentage of the annual cost of providing coverage under the plan  
318 to the retiree as determined by the board. Except as otherwise  
319 provided in this section, the percentage amount of the subsidy  
320 shall be two percent (2%) for each year of creditable service,  
321 less any fronted service for age-limited disability benefits of  
322 the retiree up to a maximum of sixty percent (60%). Once the  
323 percentage amount of the subsidy has been determined under this  
324 subsection, it may not be changed unless the retiree returns to  
325 membership service and earns additional years of creditable  
326 service or elects not to be enrolled in the plan for a period of

327 time. However, the state shall provide one hundred percent (100%)  
328 of the cost of the health insurance plan for public school  
329 teachers who have retired under the Public Employees' Retirement  
330 System.

331 (6) The amount of the subsidy for each disability retiree  
332 shall be calculated in the same manner as other retirees. For  
333 purposes of determining the amount that a disability retiree must  
334 pay above the subsidy for coverage under the plan, the cost of  
335 coverage for disability retirees shall be deemed to be the average  
336 cost of providing coverage for other retirees as determined by the  
337 board.

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

343 (8) From and after July 1 of the year in which this section  
344 becomes effective as provided in subsection (1) of this section,  
345 each employer shall pay monthly to the board an amount equal to  
346 two and one-half percent (2.5%) of the total payroll of the  
347 employer on which retirement contributions are made under  
348 retirement plans administered by the Public Employees' Retirement  
349 System.

350 (9) The board may establish and enforce late charges and  
351 interest penalties or other penalties for the purpose of requiring  
352 the prompt payment of all contributions required under this  
353 section. After appropriation for administration expenses of the  
354 program, all funds received by the board under this section shall  
355 be held in a fund in the custody of the board. All those funds  
356 held by the board shall be utilized for the purpose of subsidizing  
357 the health insurance plan required to be established by this  
358 section, and shall be invested as provided in Section 25-11-145.

359 (10) The board:

- 360           (a) Shall administer the plan;
- 361           (b) Shall have the sole authority to promulgate rules  
362 and regulations governing the plan, and shall be vested with all  
363 legal authority necessary and proper to perform this function  
364 including, but not limited to, defining the benefits provided by  
365 the plan, requesting and accepting bids for services, establishing  
366 premium rates and receiving premium payments;
- 367           (c) May enter into contracts with accountants,  
368 actuaries and other persons whose skills are necessary to carry  
369 out the provisions of this section; and
- 370           (d) Is authorized to procure legal services if it deems  
371 these services necessary to carry out its responsibilities under  
372 this section.

373           **SECTION 3.** This act shall take effect and be in force from  
374 and after July 1, 2005.