

By: Representative Smith (27th)

To: Insurance;  
Appropriations

HOUSE BILL NO. 252

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 RETIRED EMPLOYEES WHO HAVE QUALIFIED FOR A  
4 DISABILITY RETIREMENT ALLOWANCE UNDER THE PUBLIC EMPLOYEES'  
5 RETIREMENT SYSTEM; TO AMEND SECTION 25-11-143, MISSISSIPPI CODE OF  
6 1972, TO REMOVE ANY COST OF HEALTH INSURANCE TO EMPLOYEES WHO ARE  
7 DRAWING DISABILITY RETIREMENT UNDER THE PUBLIC EMPLOYEES'  
8 RETIREMENT SYSTEM; AND FOR RELATED PURPOSES.

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

10 SECTION 1. Section 25-15-15, Mississippi Code of 1972, is  
11 amended as follows:

12 [Through June 30 of the year in which Section 25-11-143  
13 becomes effective as provided in subsection (1) of Section  
14 25-11-143, this section shall read as follows:]

15 25-15-15. (1) The board is authorized to determine the  
16 manner in which premiums and contributions by the state agencies,  
17 local school districts, colleges, universities, community/junior  
18 colleges and public libraries shall be collected to provide the  
19 self-insured health insurance program for employees as provided  
20 under this article. The state shall provide fifty percent (50%)  
21 of the cost of the above life insurance plan and one hundred  
22 percent (100%) of the cost of the above health insurance plan for  
23 all active full-time employees, and retired employees who are on a  
24 disability retirement allowance under Section 25-11-113. The  
25 active full-time employees shall be given the opportunity to  
26 purchase coverage for their eligible dependents with the premiums  
27 for such dependent coverage as well as the employee's fifty  
28 percent (50%) share for his life insurance coverage to be  
29 deductible from the employee's salary by the agency, department or  
30 institution head, which deductions, together with the fifty

31 percent (50%) share of such life insurance premiums of such  
32 employing agency, department or institution head from funds  
33 appropriated to or authorized to be expended by such employing  
34 agency, department or institution head, shall be deposited  
35 directly into a depository bank or special fund in the State  
36 Treasury, as determined by the board. These funds and interest  
37 earned on these funds may be used for the disbursement of claims  
38 and shall be exempt from the appropriation process.

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

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

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

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

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

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

95 (7) Any funds appropriated for the cost of insurance by line  
96 item in the community/junior colleges appropriation bill which are

97 not expended during the fiscal year for which such funds were  
98 appropriated shall be carried forward for the same purposes during  
99 the next succeeding fiscal year.

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

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

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

145 **[From and after July 1 of the year in which Section 25-11-143**  
146 **becomes effective as provided in subsection (1) of Section**  
147 **25-11-143, this section shall read as follows:]**

148 25-15-15. (1) The board may determine the manner in which  
149 premiums and contributions by the state agencies, local school  
150 districts, colleges, universities, community/junior colleges and  
151 public libraries will be collected to provide the self-insured  
152 health insurance program for employees as provided under this  
153 article. The state shall provide fifty percent (50%) of the cost  
154 of the above life insurance plan and one hundred percent (100%) of  
155 the cost of the above health insurance plan for all active  
156 full-time employees and retired employees who are on a disability  
157 retirement allowance under Section 25-11-113. The active  
158 full-time employees shall be given the opportunity to purchase  
159 coverage for their eligible dependents with the premiums for the  
160 dependent coverage, as well as the employee's fifty percent (50%)  
161 share for his life insurance coverage, to be deductible from the

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

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

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

195 nonstudent bus drivers, whose salaries are paid, in full or in  
196 part, by federal funds, the allowance under this section shall be  
197 reduced to the extent of that federal funding. Where the use of  
198 federal funds is allowable but not available, it is the intent of  
199 the Legislature that school districts contribute the cost of  
200 participation for the employees from local funds, except that  
201 parent fees for child nutrition programs shall not be increased to  
202 cover that cost.

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

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

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

228           (7) Any funds appropriated for the cost of insurance by line  
229 item in the community/junior colleges appropriation bill that are  
230 not expended during the fiscal year for which the funds were  
231 appropriated shall be carried forward for the same purposes during  
232 the next succeeding fiscal year.

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



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

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

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

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

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

294 of the plan and to maintain the fiscal soundness of the plan. The  
295 board may offer an optional plan to retirees who are eligible for  
296 Medicare, and any additional cost of that plan shall be paid by  
297 the retiree electing that optional coverage.

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

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

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

327 membership service and earns additional years of creditable  
328 service or elects not to be enrolled in the plan for a period of  
329 time.

330 \* \* \*

331 (6) Each retiree participating in the plan, by written  
332 authorization, shall instruct the board to deduct from the  
333 retirement allowance the portion of the premium that is not  
334 subsidized. The amounts so deducted shall be handled by the board  
335 in the manner provided for in subsection (9) of this section.

336 (7) From and after July 1 of the year in which this section  
337 becomes effective as provided in subsection (1) of this section,  
338 each employer shall pay monthly to the board an amount equal to  
339 two and one-half percent (2.5%) of the total payroll of the  
340 employer on which retirement contributions are made under  
341 retirement plans administered by the Public Employees' Retirement  
342 System.

343 (8) The board may establish and enforce late charges and  
344 interest penalties or other penalties for the purpose of requiring  
345 the prompt payment of all contributions required under this  
346 section. After appropriation for administration expenses of the  
347 program, all funds received by the board under this section shall  
348 be held in a fund in the custody of the board. All those funds  
349 held by the board shall be utilized for the purpose of subsidizing  
350 the health insurance plan required to be established by this  
351 section, and shall be invested as provided in Section 25-11-145.

352 (9) The board:

353 (a) Shall administer the plan;

354 (b) Shall have the sole authority to promulgate rules  
355 and regulations governing the plan, and shall be vested with all  
356 legal authority necessary and proper to perform this function  
357 including, but not limited to, defining the benefits provided by  
358 the plan, requesting and accepting bids for services, establishing  
359 premium rates and receiving premium payments;

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

363                   (d) Is authorized to procure legal services if it deems  
364 these services necessary to carry out its responsibilities under  
365 this section.

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