

By: Representative Calhoun

To: Corrections;
Appropriations

HOUSE BILL NO. 1326

1 AN ACT TO ESTABLISH A STATE-WIDE SPONSORED INSURANCE PLAN FOR
2 INMATE MEDICAL COSTS; TO PROVIDE DEFINITIONS FOR THE PLAN; TO
3 PROVIDE THE DUTIES OF THE BOARD FOR THE PLAN; TO CREATE AN
4 ADVISORY COUNCIL FOR THE BOARD; TO AUTHORIZE THE BOARD TO ENTER
5 INTO CONTRACTS FOR THE PLAN; TO PROVIDE A CERTAIN AMOUNT OF
6 CONTRIBUTION FROM THE STATE AND COUNTIES AND MUNICIPALITIES IN
7 ORDER TO FUND THE PLAN; AND FOR RELATED PURPOSES.

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

9 **SECTION 1.** For the purposes of this chapter, the words and
10 phrases used herein shall have the following meanings:

11 (a) "Inmate" means a person who is incarcerated in any
12 municipal, or county jail or within any state correctional
13 facility.

14 (b) "Department" means the Department of Finance and
15 Administration.

16 (c) "Plan" means the State-wide Sponsored Insurance
17 Plan for Inmate Medical Costs.

18 (d) "Fund" means the State-wide Sponsored Insurance
19 Plan for Inmate Medical Costs set up under this article.

20 (e) "Board" means the State-wide Sponsored Insurance
21 Plan for Inmate Medical Costs Board.

22 **SECTION 2.** (1) The board shall administer the plan and is
23 authorized to adopt and promulgate rules and regulations for its
24 administration, subject to the terms and limitations contained in
25 this article.

26 (2) The board shall develop a five-year strategic plan for
27 the insurance plan established by Section 1 of this act. The
28 strategic plan shall address, but not be limited to:

29 (a) Changing trends in the health care industry, and
30 how they effect delivery of services to inmates of the plan.

31 (b) Alternative service delivery systems.

32 (c) Any foreseeable problems with the present system of
33 delivering and administering health care benefits in Mississippi.

34 (d) The development of options and recommendations for
35 changes in the plan.

36 (3) To carry out the requirements of subsection (2) of this
37 section, the board may conduct formal research, including
38 questionnaires and attitudinal surveys of inmates' needs and
39 preferences with respect to service delivery.

40 (4) The board shall develop and make available for public
41 review at its offices a comprehensive plan document which
42 documents all benefits for which inmates of the plan created by
43 Section 1 of this act are eligible.

44 (5) (a) The board may enter into contracts with
45 accountants, actuaries and other persons from the private sector
46 whose skills are necessary to carry out the purposes of the plan.

47 (b) Before the board enters into any contract for
48 services as provided in paragraph (a) of this subsection, the
49 board shall first determine that the services are required, and
50 that the staff of the board and personnel of other state agencies
51 are not sufficiently experienced to provide the services.

52 (c) The board is also authorized to procure legal
53 services if it deems these services to be necessary to carry out
54 its responsibilities under the plan.

55 **SECTION 3.** Such health insurance shall not include expense
56 incurred by or on account of an inmate prior to the effective date
57 of the plan as to him; dental care and treatment, except dental
58 surgery and appliances to the extent necessary for the correction
59 of damage caused by accidental injury while covered by the plan,
60 or as a direct result of disease covered by the plan; eyeglasses,
61 hearing aids and examinations for the prescription or fitting

62 thereof; cosmetic surgery or treatment, except to the extent
63 necessary for correction of damage by accidental injury while
64 covered by the plan or as a direct result of disease covered by
65 the plan; services received in a hospital owned or operated by the
66 United States government for which no charge is made; services
67 received for injury or sickness due to war or any act of war,
68 whether declared or undeclared, which war or act of war shall have
69 occurred after the effective date of this plan; expense for which
70 the individual is not required to make payment; expenses to the
71 extent of benefits provided under any employer group plan other
72 than this plan, in which the state participates in the cost
73 thereof; and such other expenses as may be excluded by regulations
74 of the board.

75 **SECTION 4.** (1) (a) The board shall design a plan of health
76 insurance for inmates which provides benefits for semiprivate
77 rooms in addition to other incidental coverages which the board
78 deems necessary. The amount of the coverages shall be in such
79 reasonable amount as may be determined by the board to be
80 adequate, after due consideration of current health costs in
81 Mississippi. The plan shall also include major medical benefits
82 in such amounts as the board shall determine. The board is also
83 authorized to accept bids for such alternate coverage and optional
84 benefits as the board shall deem proper. Any contract for
85 alternative coverage and optional benefits shall be awarded by the
86 board after it has carefully studied and evaluated the bids and
87 selected the best and most cost-effective bid. The board may
88 reject all such bids; however, the board shall notify all bidders
89 of the rejection and shall actively solicit new bids if all bids
90 are rejected. The board may employ or contract for such
91 consulting or actuarial services as may be necessary to formulate
92 the plan, and to assist the board in the preparation of
93 specifications and in the process of advertising for the bids for
94 the plan. The board shall keep a record of all persons, agents

95 and corporations who contract with or assist the board in
96 preparing and developing the plan. The board in a timely manner
97 shall provide copies of this record to the members of the advisory
98 council created in this section and those legislators, or their
99 designees, who may attend meetings of the advisory council. The
100 board shall provide copies of this record in the solicitation of
101 bids for the administration or servicing of the self-insured
102 program. Each person, agent or corporation which, during the
103 previous fiscal year, has assisted in the development of the plan
104 or employed or compensated any person who assisted in the
105 development of the plan, and which bids on the administration or
106 servicing of the plan, shall submit to the board a statement
107 accompanying the bid explaining in detail its participation with
108 the development of the plan. This statement shall include the
109 amount of compensation paid by the bidder to any such employee
110 during the previous fiscal year. The board shall make all such
111 information available to the members of the advisory council and
112 those legislators, or their designees, who may attend meetings of
113 the advisory council before any action is taken by the board on
114 the bids submitted. The failure of any bidder to fully and
115 accurately comply with this paragraph shall result in the
116 rejection of any bid submitted by that bidder or the cancellation
117 of any contract executed when the failure is discovered after the
118 acceptance of that bid. The board is authorized to promulgate
119 rules and regulations to implement the provisions of this
120 subsection.

121 Any corporation, association, company or individual that
122 contracts with the board for the third-party claims administration
123 of the self-insured plan shall prepare and keep on file an
124 explanation of benefits for each claim processed. The explanation
125 of benefits shall contain such information relative to each
126 processed claim which the board deems necessary, and, at a
127 minimum, each explanation shall provide the claimant's name, claim

128 number, provider number, provider name, service dates, type of
129 services, amount of charges, amount allowed to the claimant and
130 reason codes. The information contained in the explanation of
131 benefits shall be available for inspection upon request by the
132 board. The board shall have access to all claims information
133 utilized in the issuance of payments to inmates and providers.

134 (b) There is created an advisory council to advise the
135 board in the formulation of the State-wide Sponsored Insurance
136 Plan for Inmate Medical Costs. The council shall be composed of
137 the State Insurance Commissioner or his designee, an
138 employee-representative of the institutions of higher learning
139 appointed by the board of trustees thereof, an
140 employee-representative of the Department of Transportation
141 appointed by the director thereof, an employee-representative of
142 the State Tax Commission appointed by the Commissioner of Revenue,
143 an employee-representative of the Mississippi Department of Health
144 appointed by the State Health Officer, an employee-representative
145 of the Mississippi Department of Corrections appointed by the
146 Commissioner of Corrections, and an employee-representative of the
147 Department of Human Services appointed by the Executive Director
148 of Human Services, two (2) certificated public school
149 administrators appointed by the State Board of Education, two (2)
150 certificated classroom teachers appointed by the State Board of
151 Education, a noncertificated school employee appointed by the
152 State Board of Education and a community/junior college employee
153 appointed by the State Board for Community and Junior Colleges.

154 The Lieutenant Governor may designate the Secretary of the
155 Senate, the Chairman of the Senate Appropriations Committee, the
156 Chairman of the Senate Education Committee and the Chairman of the
157 Senate Insurance Committee, and the Speaker of the House of
158 Representatives may designate the Clerk of the House, the Chairman
159 of the House Appropriations Committee, the Chairman of the House
160 Education Committee and the Chairman of the House Insurance

161 Committee, to attend any meeting of the State-wide Sponsor
162 Insurance Plan for Inmate Medical Costs Advisory Council. The
163 appointing authorities may designate an alternate member from
164 their respective houses to serve when the regular designee is
165 unable to attend such meetings of the council. Such designees
166 shall have no jurisdiction or vote on any matter within the
167 jurisdiction of the council. For attending meetings of the
168 council, such legislators shall receive per diem and expenses
169 which shall be paid from the contingent expense funds of their
170 respective houses in the same amounts as provided for committee
171 meetings when the Legislature is not in session; however, no per
172 diem and expenses for attending meetings of the council will be
173 paid while the Legislature is in session. No per diem and
174 expenses will be paid except for attending meetings of the council
175 without prior approval of the proper committee in their respective
176 houses.

177 (c) No change in the terms of the State-wide Sponsored
178 Insurance Plan for Inmate Medical Costs may be made effective
179 unless the board, or its designee, has provided notice to the
180 State and School Employees Health Insurance Advisory Council and
181 has called a meeting of the council at least fifteen (15) days
182 before the effective date of such change. In the event that the
183 State-wide Sponsored Insurance Plan for Inmate Medical Costs
184 Advisory Council does not meet to advise the board on the proposed
185 changes, the changes to the plan shall become effective at such
186 time as the board has informed the council that the changes shall
187 become effective.

188 **SECTION 5.** (1) The board is authorized to execute a
189 contract or contracts to provide the benefits under the plan.
190 Such contract or contracts may be executed with one or more
191 corporations or associations licensed to transact health insurance
192 business in this state; however, no such contract shall be
193 executed with any corporation, association or company domiciled in

194 any other state except that such corporation, association or
195 company shall meet the conditions and terms for a like contract
196 established by the state of the domicile of such corporation,
197 association or company for a Mississippi corporation, association
198 or company. No corporation, association or company with less than
199 five (5) years' experience in the health field may bid. All of
200 the benefits to be provided under the plan may be included in one
201 or more similar contracts, or the benefits may be classified into
202 different types with each type included under one or more similar
203 contracts issued by the same or different companies.

204 The board shall supply the statistical information upon which
205 a quotation is to be calculated, upon request, to all carriers
206 licensed in the state. Bids may be accepted at the discretion of
207 the board, and the board shall have the right to adjust rates on
208 an annual basis if the board shall deem such adjustment necessary.
209 Any additional written information the carrier wishes to submit,
210 supporting the proposed benefits and premium rate, may accompany
211 the proposal. After receiving the proposals, the board shall
212 determine whether to contract with the carrier which has been
213 determined to have submitted the lowest and best bid, or to reject
214 all such bids and receive new proposals.

215 The board shall authorize any corporation licensed to
216 transact health insurance business in this state issuing any such
217 contract to reinsure portions of such contract with any other such
218 corporation which elected to be a reinsurer and is legally
219 competent to enter into a reinsurance agreement. The board may
220 designate one or more of such corporations as the administering
221 corporation or corporations.

222 The board may, as of the end of any contract year,
223 discontinue any contract or contracts it has executed with any
224 corporation or corporations and replace it or them with a contract
225 or contracts in any other corporation or corporations meeting the
226 requirements of this section.

227 The board may reject any and all bids and contracts under
228 this section and may elect for the state to become a self-insurer;
229 however, administration and service of any such self-insured
230 program may be contracted to a third party by the board. Any
231 contract with a third party to administer the plan shall be bid.

232 (2) By September 30 of each year, the board shall report to
233 the Joint Legislative Budget Committee, Senate Insurance
234 Committee, House Insurance Committee, Senate Corrections
235 Committee, House Corrections Committee and Joint Legislative
236 Committee on Performance Evaluation and Expenditure Review the
237 condition of the State-wide Sponsored Insurance Plan for Inmate
238 Medical Costs. Such report shall contain for the most recently
239 completed fiscal year, but not be limited to, the following:

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

242 (b) The history of yearly claims paid and premiums
243 received for each premium class, including, but not limited to,
244 active employees, dependents and retirees.

245 (c) Budgetary information, including:

246 (i) A detailed breakdown of all expenditures of
247 the plan, administrative and otherwise, for the most recently
248 completed fiscal year and projected expenditures, administrative
249 and otherwise, for the current and next fiscal year;

250 (ii) A schedule of all contracts, administrative
251 and otherwise, executed for the benefit of the plan during the
252 most recent completed fiscal year and those executed and
253 anticipated for the current fiscal year; and

254 (iii) A description of the processes used by the
255 board to procure all contracts, administrative and otherwise, as
256 well as a description of the scope of services to be provided by
257 each contractor.

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

260 The Joint Legislative Budget Committee, Senate Insurance
261 Committee, House Insurance Committee, Senate Corrections
262 Committee, House Corrections Committee and Joint Legislative
263 Committee on Performance Evaluation and Expenditure Review may
264 request additional information or reports from the board on an
265 as-needed basis.

266 (3) Annually, the board shall request, and the Department of
267 Audit shall conduct, a comprehensive audit of the State and School
268 Employees Life and Health Insurance Plan. For purposes of this
269 section, the audit required herein shall be separate and distinct
270 from any audit prepared in conjunction with the development of the
271 Comprehensive Annual Financial Report (CAFR).

272 **SECTION 6.** (1) The board is authorized to determine the
273 manner in which premiums and contributions by the municipalities,
274 counties and the state that house inmates shall be collected to
275 provide the self-insured health insurance program for employees as
276 provided under this article. The state shall provide seventy-five
277 percent (75%) of the cost of the above health insurance plan for
278 inmates and municipalities and counties shall provide twenty-five
279 percent (25%) of the cost of the plan. The amount of the
280 municipal and county contribution shall be based on the state
281 population.

282 (2) When the use of federal funding is allowable to defray,
283 in full or in part, the cost of participation in the insurance
284 plan by those who house inmates the allowance under this section
285 shall be reduced to the extent of the federal funding.

286 (3) The board may establish and enforce late charges and
287 interest penalties or other penalties for the purpose of requiring
288 the prompt payment of all premiums. All funds in excess of the
289 amount needed for disbursement of claims shall be deposited in a
290 special fund in the State Treasury to be known as the State-wide
291 Sponsored Insurance Plan For Inmate Medical Costs Fund. The State
292 Treasurer shall invest all funds in the State-wide Sponsored

293 Insurance Plan For Inmate Medical Costs Fund and all interest
294 earned shall be credited to the State-wide Sponsored Insurance
295 Plan For Inmate Medical Costs Fund. Such funds shall be placed
296 with one or more depositories of the state and invested on the
297 first day such funds are available for investment in certificates
298 of deposit, repurchase agreements or in United States Treasury
299 bills or as otherwise authorized by law for the investment of
300 Public Employees' Retirement System funds, as long as such
301 investment is made from competitive offering and at the highest
302 and best market rate obtainable consistent with any available
303 investment alternatives; however, such investments shall not be
304 made in shares of stock, common or preferred, or in any other
305 investments which would mature more than one (1) year from the
306 date of investment. The board shall have the authority to draw
307 from this fund periodically such funds as are necessary to operate
308 the plan or to pay to the insurance carrier the cost of operation
309 of this plan.

310 (4) The board shall also provide for the creation of an
311 Insurance Reserve Fund and funds therein shall be invested by the
312 State Treasurer with all interest earned credited to the State and
313 School Employees Insurance Fund.

314 **SECTION 7.** Any benefits payable under the plan may be made
315 either directly to the attending physicians, hospitals, medical
316 groups, or others furnishing the services upon which a claim is
317 based, or to the covered employee, upon presentation of valid
318 bills for such services, subject to such provisions to facilitate
319 payment as may be made by the board.

320 **SECTION 8.** This act shall take effect and be in force from
321 and after July 1, 2005.