

By: Representatives Formby,
Chism, Moore

To: Insurance;
Appropriations

HOUSE BILL NO. 26

1 AN ACT TO AMEND SECTION 25-15-15, MISSISSIPPI CODE OF 1972,
2 TO REQUIRE THE STATE OF MISSISSIPPI TO PROVIDE 100% OF THE COST OF
3 A BASIC LEVEL OF HEALTH INSURANCE FOR CERTAIN EMPLOYEES INITIALLY
4 EMPLOYED ON OR AFTER JANUARY 1, 2006, AND TO AUTHORIZE SUCH
5 EMPLOYEES TO PURCHASE ADDITIONAL BENEFITS OR LEVELS OF COVERAGE;
6 TO AUTHORIZE THE HEALTH INSURANCE MANAGEMENT BOARD TO IMPOSE A
7 SURCHARGE ON RETIREES WHO ARE NOT MEDICARE ELIGIBLE AND WHO WERE
8 INITIALLY EMPLOYED ON OR AFTER JANUARY 1, 2006, IN AN AMOUNT
9 ACTUARIALLY DETERMINED BY THE BOARD TO COVER THE FULL COST OF
10 INSURANCE; TO AMEND SECTION 25-15-9, MISSISSIPPI CODE OF 1972, TO
11 REQUIRE THAT EMPLOYEES MUST HAVE BEEN PARTICIPANTS IN THE STATE
12 AND SCHOOL EMPLOYEES HEALTH INSURANCE PLAN FOR A CERTAIN NUMBER OF
13 YEARS TO BE ELIGIBLE TO PARTICIPATE IN THE PLAN UPON THEIR
14 RETIREMENT; AND FOR RELATED PURPOSES.

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

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

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

21 25-15-15. (1) The board is authorized to determine the
22 manner in which premiums and contributions by the state agencies,
23 local school districts, colleges, universities, community/junior
24 colleges and public libraries shall be collected to provide the
25 self-insured health insurance program for employees as provided
26 under this article. The state shall provide fifty percent (50%)
27 of the cost of the above life insurance plan * * * for all active
28 full-time employees. The state shall provide one hundred percent
29 (100%) of the cost of the health insurance plan for active
30 full-time employees initially employed before January 1, 2006.
31 For active full-time employees initially employed on or after
32 January 1, 2006, the state shall provide one hundred percent
33 (100%) of the cost of a basic level of health insurance and the

34 employees may pay additional amounts to purchase additional
35 benefits or levels of coverage offered under the plan. All active
36 full-time employees shall be given the opportunity to purchase
37 coverage for their eligible dependents with the premiums for such
38 dependent coverage, as well as the employee's fifty percent (50%)
39 share for his life insurance coverage, to be deductible from the
40 employee's salary by the agency, department or institution head,
41 which deductions, together with the fifty percent (50%) share of
42 such life insurance premiums of such employing agency, department
43 or institution head from funds appropriated to or authorized to be
44 expended by the employing agency, department or institution head,
45 shall be deposited directly into a depository bank or special fund
46 in the State Treasury, as determined by the board. These funds
47 and interest earned on these funds may be used for the
48 disbursement of claims and shall be exempt from the appropriation
49 process.

50 (2) The state shall provide annually, by line item in the
51 Mississippi Library Commission appropriation bill, such funds to
52 pay one hundred percent (100%) of the cost of health insurance
53 under the State and School Employees Health Insurance Plan
54 for * * * full-time library staff members in each public library
55 in Mississippi initially employed before January 1, 2006. For
56 full-time library staff members initially employed on or after
57 January 1, 2006, the state shall provide one hundred percent
58 (100%) of the cost of a basic level of health insurance under the
59 State and School Employees Health Insurance Plan and the employees
60 may pay additional amounts to purchase additional benefits or
61 levels of coverage offered under the plan. The commission shall
62 allot to each public library a sufficient amount of those funds
63 appropriated to pay the costs of insurance for eligible employees.
64 Any funds so appropriated by line item which are not expended
65 during the fiscal year for which such funds were appropriated
66 shall be carried forward for the same purposes during the next

67 succeeding fiscal year. If any premiums for the health insurance
68 and/or late charges and interest penalties are not paid by a
69 public library in a timely manner, as defined by the board, the
70 Mississippi Library Commission, upon notice by the board, shall
71 immediately withhold all subsequent disbursements of funds to that
72 public library.

73 (3) The state shall annually provide one hundred percent
74 (100%) of the cost of the health insurance plan for * * * public
75 school district employees who work no less than twenty (20) hours
76 during each week and regular nonstudent school bus drivers, if
77 such employees and school bus drivers were initially employed
78 before January 1, 2006. For such employees and school bus drivers
79 initially employed on or after January 1, 2006, the state shall
80 provide one hundred percent (100%) of the cost of a basic level of
81 health insurance under the State and School Employees Health
82 Insurance Plan and the employees may pay additional amounts to
83 purchase additional benefits or levels of coverage offered under
84 the plan. Where federal funding is allowable to defray, in full
85 or in part, the cost of participation in the program by district
86 employees who work no less than twenty (20) hours during the week
87 and regular nonstudent bus drivers, whose salaries are paid, in
88 full or in part, by federal funds, the allowance under this
89 section shall be reduced to the extent of such federal funding.
90 Where the use of federal funds is allowable but not available, it
91 is the intent of the Legislature that school districts contribute
92 the cost of participation for such employees from local funds,
93 except that parent fees for child nutrition programs shall not be
94 increased to cover such cost.

95 (4) The state shall provide annually, by line item in the
96 community/junior college appropriation bill, such funds to pay one
97 hundred percent (100%) of the cost of the health insurance plan
98 for * * * community/junior college district employees initially
99 employed before January 1, 2006, who work no less than twenty (20)

100 hours during each week. For such employees initially employed on
101 or after January 1, 2006, the state shall provide one hundred
102 percent (100%) of the cost of a basic level of health insurance
103 under the State and School Employees Health Insurance Plan and the
104 employees may pay additional amounts to purchase additional
105 benefits or levels of coverage offered under the plan.

106 (5) When the use of federal funding is allowable to defray,
107 in full or in part, the cost of participation in the insurance
108 plan by community/junior college district employees who work no
109 less than twenty (20) hours during each week, whose salaries are
110 paid, in full or in part, by federal funds, the allowance under
111 this section shall be reduced to the extent of the federal
112 funding. Where the use of federal funds is allowable but not
113 available, it is the intent of the Legislature that
114 community/junior college districts contribute the cost of
115 participation for such employees from local funds.

116 (6) Any community/junior college district may contribute to
117 the cost of coverage for any district employee from local
118 community/junior college district funds, and any public school
119 district may contribute to the cost of coverage for any district
120 employee from nonminimum program funds. Any part of the cost of
121 such coverage for participating employees of public school
122 districts and public community/junior college districts that is
123 not paid by the state shall be paid by the participating
124 employees, which shall be deducted from the salaries of the
125 employees in a manner determined by the board.

126 (7) Any funds appropriated for the cost of insurance by line
127 item in the community/junior colleges appropriation bill which are
128 not expended during the fiscal year for which such funds were
129 appropriated shall be carried forward for the same purposes during
130 the next succeeding fiscal year.

131 (8) The board may establish and enforce late charges and
132 interest penalties or other penalties for the purpose of requiring

133 the prompt payment of all premiums for life and health insurance
134 permitted under Chapter 15 of Title 25. All funds in excess of
135 the amount needed for disbursement of claims shall be deposited in
136 a special fund in the State Treasury to be known as the State and
137 School Employees Insurance Fund. The State Treasurer shall invest
138 all funds in the State and School Employees Insurance Fund and all
139 interest earned shall be credited to the State and School
140 Employees Insurance Fund. Such funds shall be placed with one or
141 more depositories of the state and invested on the first day such
142 funds are available for investment in certificates of deposit,
143 repurchase agreements or in United States Treasury bills or as
144 otherwise authorized by law for the investment of Public
145 Employees' Retirement System funds, as long as such investment is
146 made from competitive offering and at the highest and best market
147 rate obtainable consistent with any available investment
148 alternatives; however, such investments shall not be made in
149 shares of stock, common or preferred, or in any other investments
150 which would mature more than one (1) year from the date of
151 investment. The board shall have the authority to draw from this
152 fund periodically such funds as are necessary to operate the
153 self-insurance plan or to pay to the insurance carrier the cost of
154 operation of this plan, it being the purpose to limit the amount
155 of participation by the state to fifty percent (50%) of the cost
156 of the life insurance program and not to limit the contracting for
157 additional benefits where the cost will be paid in full by the
158 employee. The state shall not share in the cost of coverage for
159 retired employees.

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

164 (10) Any retired employee electing to purchase retired life
165 and health insurance will have the full cost of such insurance

166 deducted monthly from his State of Mississippi retirement plan
167 check or direct billed for the cost of the premium if the
168 retirement check is insufficient to pay for the premium. If the
169 board determines actuarially that the premium paid by the
170 participating retirees adversely affects the overall cost of the
171 plan to the state, then the board may impose a premium surcharge,
172 not to exceed fifteen percent (15%), upon such participating
173 retired employees who are under the age for Medicare eligibility
174 and who were initially employed before January 1, 2006. For
175 participating retired employees who are under the age for Medicare
176 eligibility and who were initially employed on or after January 1,
177 2006, the board may impose a premium surcharge in an amount the
178 board determines actuarially to cover the full cost of insurance.

179 **[From and after July 1 of the year in which Section 25-11-143**
180 **becomes effective as provided in subsection (1) of Section**
181 **25-11-143, this section shall read as follows:]**

182 25-15-15. (1) The board may determine the manner in which
183 premiums and contributions by the state agencies, local school
184 districts, colleges, universities, community/junior colleges and
185 public libraries will be collected to provide the self-insured
186 health insurance program for employees as provided under this
187 article. The state shall provide fifty percent (50%) of the cost
188 of the above life insurance plan * * * for all active full-time
189 employees. The state shall provide one hundred percent (100%) of
190 the cost of the health insurance plan for active full-time
191 employees initially employed before January 1, 2006. For active
192 full-time employees initially employed on or after January 1,
193 2006, the state shall provide one hundred percent (100%) of the
194 cost of a basic level of health insurance and the employees may
195 pay additional amounts to purchase additional benefits or levels
196 of coverage offered under the plan. All active full-time
197 employees shall be given the opportunity to purchase coverage for
198 their eligible dependents with the premiums for the dependent

199 coverage, as well as the employee's fifty percent (50%) share for
200 his life insurance coverage, to be deductible from the employee's
201 salary by the agency, department or institution head. Those
202 deductions, together with the fifty percent (50%) share of the
203 life insurance premiums of the employing agency, department or
204 institution head from funds appropriated to or authorized to be
205 expended by the employing agency, department or institution head,
206 shall be deposited directly into a depository bank or special fund
207 in the State Treasury, as determined by the board. These funds
208 and interest earned on these funds may be used for the
209 disbursement of claims and shall be exempt from the appropriation
210 process.

211 (2) The state shall provide annually, by line item in the
212 Mississippi Library Commission appropriation bill, the funds to
213 pay one hundred percent (100%) of the cost of health insurance
214 under the State and School Employees Health Insurance Plan for all
215 full-time library staff members in each public library in
216 Mississippi initially employed before January 1, 2006. For
217 full-time library staff members initially employed on or after
218 January 1, 2006, the state shall provide one hundred percent
219 (100%) of the cost of a basic level of health insurance under the
220 State and School Employees Health Insurance Plan and the employees
221 may pay additional amounts to purchase additional benefits or
222 levels of coverage offered under the plan. The commission shall
223 allot to each public library a sufficient amount of those funds
224 appropriated to pay the costs of insurance for eligible employees.
225 Any funds so appropriated by line item that are not expended
226 during the fiscal year for which the funds were appropriated shall
227 be carried forward for the same purposes during the next
228 succeeding fiscal year. If any premiums for the health insurance
229 and/or late charges and interest penalties are not paid by a
230 public library in a timely manner, as defined by the board, the
231 Mississippi Library Commission, upon notice by the board, shall

232 immediately withhold all subsequent disbursements of funds to that
233 public library.

234 (3) The state shall annually provide one hundred percent
235 (100%) of the cost of the health insurance plan for * * * public
236 school district employees who work no less than twenty (20) hours
237 during each week and regular nonstudent school bus drivers, if
238 such employees and school bus drivers were initially employed
239 before January 1, 2006. For such employees and school bus drivers
240 initially employed on or after January 1, 2006, the state shall
241 provide one hundred percent (100%) of the cost of a basic level of
242 health insurance under the State and School Employees Health
243 Insurance Plan and the employees may pay additional amounts to
244 purchase additional benefits or levels of coverage offered under
245 the plan. Where federal funding is allowable to defray, in full
246 or in part, the cost of participation in the program by district
247 employees who work no less than twenty (20) hours during the week
248 and regular nonstudent bus drivers, whose salaries are paid, in
249 full or in part, by federal funds, the allowance under this
250 section shall be reduced to the extent of that federal funding.
251 Where the use of federal funds is allowable but not available, it
252 is the intent of the Legislature that school districts contribute
253 the cost of participation for the employees from local funds,
254 except that parent fees for child nutrition programs shall not be
255 increased to cover that cost.

256 (4) The state shall provide annually, by line item in the
257 community/junior college appropriation bill, the funds to pay one
258 hundred percent (100%) of the cost of the health insurance plan
259 for * * * community/junior college district employees initially
260 employed before January 1, 2006, who work no less than twenty (20)
261 hours during each week. For such employees initially employed on
262 or after January 1, 2006, the state shall provide one hundred
263 percent (100%) of the cost of a basic level of health insurance
264 under the State and School Employees Health Insurance Plan and the

265 employees may pay additional amounts to purchase additional
266 benefits or levels of coverage offered under the plan.

267 (5) When the use of federal funding is allowable to defray,
268 in full or in part, the cost of participation in the insurance
269 plan by community/junior college district employees who work no
270 less than twenty (20) hours during each week, whose salaries are
271 paid, in full or in part, by federal funds, the allowance under
272 this section shall be reduced to the extent of the federal
273 funding. Where the use of federal funds is allowable but not
274 available, it is the intent of the Legislature that
275 community/junior college districts contribute the cost of
276 participation for the employees from local funds.

277 (6) Any community/junior college district may contribute to
278 the cost of coverage for any district employee from local
279 community/junior college district funds, and any public school
280 district may contribute to the cost of coverage for any district
281 employee from nonminimum program funds. Any part of the cost of
282 the coverage for participating employees of public school
283 districts and public community/junior college districts that is
284 not paid by the state shall be paid by the participating
285 employees, which shall be deducted from the salaries of the
286 employees in a manner determined by the board.

287 (7) Any funds appropriated for the cost of insurance by line
288 item in the community/junior colleges appropriation bill that are
289 not expended during the fiscal year for which the funds were
290 appropriated shall be carried forward for the same purposes during
291 the next succeeding fiscal year.

292 (8) The board may establish and enforce late charges and
293 interest penalties or other penalties for the purpose of requiring
294 the prompt payment of all premiums for life and health insurance
295 permitted under Chapter 15 of Title 25. All funds in excess of
296 the amount needed for disbursement of claims shall be deposited in
297 a special fund in the State Treasury to be known as the State and

298 School Employees Insurance Fund. The State Treasurer shall invest
299 all funds in the State and School Employees Insurance Fund and all
300 interest earned shall be credited to the State and School
301 Employees Insurance Fund. Those funds shall be placed with one or
302 more depositories of the state and invested on the first day that
303 the funds are available for investment in certificates of deposit,
304 repurchase agreements or in United States Treasury bills or as
305 otherwise authorized by law for the investment of Public
306 Employees' Retirement System funds, as long as the investment is
307 made from competitive offering and at the highest and best market
308 rate obtainable consistent with any available investment
309 alternatives. However, those investments shall not be made in
310 shares of stock, common or preferred, or in any other investments
311 that would mature more than one (1) year from the date of
312 investment. The board shall have the authority to draw from this
313 fund periodically such funds as are necessary to operate the
314 self-insurance plan or to pay to the insurance carrier the cost of
315 operation of this plan, it being the purpose to limit the amount
316 of participation by the state to fifty percent (50%) of the cost
317 of the life insurance program and not to limit the contracting for
318 additional benefits where the cost will be paid in full by the
319 employee.

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

324 **SECTION 2.** Section 25-15-9, Mississippi Code of 1972, is
325 amended as follows:

326 **[Through June 30 of the year in which Section 25-11-143**
327 **becomes effective as provided in subsection (1) of Section**
328 **25-11-143, this section shall read as follows:]**

329 25-15-9. (1) (a) The board shall design a plan of health
330 insurance for state employees which provides benefits for

331 semiprivate rooms in addition to other incidental coverages which
332 the board deems necessary. The amount of the coverages shall be
333 in such reasonable amount as may be determined by the board to be
334 adequate, after due consideration of current health costs in
335 Mississippi. The plan shall also include major medical benefits
336 in such amounts as the board shall determine. The board is also
337 authorized to accept bids for such alternate coverage and optional
338 benefits as the board shall deem proper. Any contract for
339 alternative coverage and optional benefits shall be awarded by the
340 board after it has carefully studied and evaluated the bids and
341 selected the best and most cost-effective bid. The board may
342 reject all such bids; however, the board shall notify all bidders
343 of the rejection and shall actively solicit new bids if all bids
344 are rejected. The board may employ or contract for such
345 consulting or actuarial services as may be necessary to formulate
346 the plan, and to assist the board in the preparation of
347 specifications and in the process of advertising for the bids for
348 the plan. Such contracts shall be solicited and entered into in
349 accordance with Section 25-15-5. The board shall keep a record of
350 all persons, agents and corporations who contract with or assist
351 the board in preparing and developing the plan. The board in a
352 timely manner shall provide copies of this record to the members
353 of the advisory council created in this section and those
354 legislators, or their designees, who may attend meetings of the
355 advisory council. The board shall provide copies of this record
356 in the solicitation of bids for the administration or servicing of
357 the self-insured program. Each person, agent or corporation
358 which, during the previous fiscal year, has assisted in the
359 development of the plan or employed or compensated any person who
360 assisted in the development of the plan, and which bids on the
361 administration or servicing of the plan, shall submit to the board
362 a statement accompanying the bid explaining in detail its
363 participation with the development of the plan. This statement

364 shall include the amount of compensation paid by the bidder to any
365 such employee during the previous fiscal year. The board shall
366 make all such information available to the members of the advisory
367 council and those legislators, or their designees, who may attend
368 meetings of the advisory council before any action is taken by the
369 board on the bids submitted. The failure of any bidder to fully
370 and accurately comply with this paragraph shall result in the
371 rejection of any bid submitted by that bidder or the cancellation
372 of any contract executed when the failure is discovered after the
373 acceptance of that bid. The board is authorized to promulgate
374 rules and regulations to implement the provisions of this
375 subsection.

376 The board shall develop plans for the insurance plan
377 authorized by this section in accordance with the provisions of
378 Section 25-15-5.

379 Any corporation, association, company or individual that
380 contracts with the board for the third-party claims administration
381 of the self-insured plan shall prepare and keep on file an
382 explanation of benefits for each claim processed. The explanation
383 of benefits shall contain such information relative to each
384 processed claim which the board deems necessary, and, at a
385 minimum, each explanation shall provide the claimant's name, claim
386 number, provider number, provider name, service dates, type of
387 services, amount of charges, amount allowed to the claimant and
388 reason codes. The information contained in the explanation of
389 benefits shall be available for inspection upon request by the
390 board. The board shall have access to all claims information
391 utilized in the issuance of payments to employees and providers.

392 (b) There is created an advisory council to advise the
393 board in the formulation of the State and School Employees Health
394 Insurance Plan. The council shall be composed of the State
395 Insurance Commissioner or his designee, an employee-representative
396 of the institutions of higher learning appointed by the board of

397 trustees thereof, an employee-representative of the Department of
398 Transportation appointed by the director thereof, an
399 employee-representative of the State Tax Commission appointed by
400 the Commissioner of Revenue, an employee-representative of the
401 Mississippi Department of Health appointed by the State Health
402 Officer, an employee-representative of the Mississippi Department
403 of Corrections appointed by the Commissioner of Corrections, and
404 an employee-representative of the Department of Human Services
405 appointed by the Executive Director of Human Services, two (2)
406 certificated public school administrators appointed by the State
407 Board of Education, two (2) certificated classroom teachers
408 appointed by the State Board of Education, a noncertificated
409 school employee appointed by the State Board of Education and a
410 community/junior college employee appointed by the State Board for
411 Community and Junior Colleges.

412 The Lieutenant Governor may designate the Secretary of the
413 Senate, the Chairman of the Senate Appropriations Committee, the
414 Chairman of the Senate Education Committee and the Chairman of the
415 Senate Insurance Committee, and the Speaker of the House of
416 Representatives may designate the Clerk of the House, the Chairman
417 of the House Appropriations Committee, the Chairman of the House
418 Education Committee and the Chairman of the House Insurance
419 Committee, to attend any meeting of the State and School Employees
420 Insurance Advisory Council. The appointing authorities may
421 designate an alternate member from their respective houses to
422 serve when the regular designee is unable to attend such meetings
423 of the council. Such designees shall have no jurisdiction or vote
424 on any matter within the jurisdiction of the council. For
425 attending meetings of the council, such legislators shall receive
426 per diem and expenses which shall be paid from the contingent
427 expense funds of their respective houses in the same amounts as
428 provided for committee meetings when the Legislature is not in
429 session; however, no per diem and expenses for attending meetings

430 of the council will be paid while the Legislature is in session.
431 No per diem and expenses will be paid except for attending
432 meetings of the council without prior approval of the proper
433 committee in their respective houses.

434 (c) No change in the terms of the State and School
435 Employees Health Insurance Plan may be made effective unless the
436 board, or its designee, has provided notice to the State and
437 School Employees Health Insurance Advisory Council and has called
438 a meeting of the council at least fifteen (15) days before the
439 effective date of such change. In the event that the State and
440 School Employees Health Insurance Advisory Council does not meet
441 to advise the board on the proposed changes, the changes to the
442 plan shall become effective at such time as the board has informed
443 the council that the changes shall become effective.

444 (d) **Medical benefits for retired employees and**
445 **dependents under age sixty-five (65) years and not eligible for**
446 **Medicare benefits.** For employees who retire before July 1, 2005,
447 and for employees retiring due to work-related disability under
448 the Public Employees' Retirement System, the same health insurance
449 coverage as for all other active employees and their dependents
450 shall be available to retired employees and all dependents under
451 age sixty-five (65) years who are not eligible for Medicare
452 benefits, the level of benefits to be the same level as for all
453 other active participants. For employees who retire on or after
454 July 1, 2005, and not retiring due to work-related disability
455 under the Public Employees' Retirement System, the same health
456 insurance coverage as for all other active employees and their
457 dependents shall be available to such retiring employees and all
458 dependents under age sixty-five (65) years who are not eligible
459 for Medicare benefits only if the retiring employees were
460 participants in the State and School Employees Health Insurance
461 Plan for four (4) years or more before their retirement, the level
462 of benefits to be the same level as for all other active

463 participants. This section will apply to those employees who
464 retire due to one hundred percent (100%) medical disability as
465 well as those employees electing early retirement.

466 (e) **Medical benefits for retired employees and**
467 **dependents over age sixty-five (65) years or otherwise eligible**
468 **for Medicare benefits.** For employees who retire before July 1,
469 2005, and for employees retiring due to work-related disability
470 under the Public Employees' Retirement System, the health
471 insurance coverage available to retired employees over age
472 sixty-five (65) years or otherwise eligible for Medicare benefits,
473 and all dependents over age sixty-five (65) years or otherwise
474 eligible for Medicare benefits, shall be the major medical
475 coverage with the lifetime maximum of One Million Dollars
476 (\$1,000,000.00). For employees retiring on or after July 1, 2005,
477 and not retiring due to work-related disability under the Public
478 Employees' Retirement System, the health insurance coverage
479 described herein shall be available to such retiring employees
480 only if they were participants in the State and School Employees
481 Health Insurance Plan for four (4) years or more and are over age
482 sixty-five (65) years or otherwise eligible for Medicare benefits,
483 and to all dependents over age sixty-five (65) years or otherwise
484 eligible for Medicare benefits. Benefits shall be reduced by
485 Medicare benefits as though such Medicare benefits were the base
486 plan.

487 All covered individuals shall be assumed to have full
488 Medicare coverage, Parts A and B; and any Medicare payments under
489 both Parts A and B shall be computed to reduce benefits payable
490 under this plan.

491 (2) Nonduplication of benefits--reduction of benefits by
492 Title XIX benefits: When benefits would be payable under more
493 than one (1) group plan, benefits under those plans will be
494 coordinated to the extent that the total benefits under all plans
495 will not exceed the total expenses incurred.

496 Benefits for hospital or surgical or medical benefits shall
497 be reduced by any similar benefits payable in accordance with
498 Title XIX of the Social Security Act or under any amendments
499 thereto, or any implementing legislation.

500 Benefits for hospital or surgical or medical benefits shall
501 be reduced by any similar benefits payable by workers'
502 compensation.

503 (3) (a) Schedule of life insurance benefits--group term:
504 The amount of term life insurance for each active employee of a
505 department, agency or institution of the state government shall
506 not be in excess of One Hundred Thousand Dollars (\$100,000.00), or
507 twice the amount of the employee's annual wage to the next highest
508 One Thousand Dollars (\$1,000.00), whichever may be less, but in no
509 case less than Thirty Thousand Dollars (\$30,000.00), with a like
510 amount for accidental death and dismemberment on a
511 twenty-four-hour basis. The plan will further contain a premium
512 waiver provision if a covered employee becomes totally and
513 permanently disabled prior to age sixty-five (65) years.
514 Employees retiring after June 30, 1999, shall be eligible to
515 continue life insurance coverage in an amount of Five Thousand
516 Dollars (\$5,000.00), Ten Thousand Dollars (\$10,000.00) or Twenty
517 Thousand Dollars (\$20,000.00) into retirement.

518 (b) Effective October 1, 1999, schedule of life
519 insurance benefits--group term: The amount of term life insurance
520 for each active employee of any school district, community/junior
521 college, public library or university-based program authorized
522 under Section 37-23-31 for deaf, aphasic and emotionally disturbed
523 children or any regular nonstudent bus driver shall not be in
524 excess of One Hundred Thousand Dollars (\$100,000.00), or twice the
525 amount of the employee's annual wage to the next highest One
526 Thousand Dollars (\$1,000.00), whichever may be less, but in no
527 case less than Thirty Thousand Dollars (\$30,000.00), with a like
528 amount for accidental death and dismemberment on a

529 twenty-four-hour basis. The plan will further contain a premium
530 waiver provision if a covered employee of any school district,
531 community/junior college, public library or university-based
532 program authorized under Section 37-23-31 for deaf, aphasic and
533 emotionally disturbed children or any regular nonstudent bus
534 driver becomes totally and permanently disabled prior to age
535 sixty-five (65) years. Employees of any school district,
536 community/junior college, public library or university-based
537 program authorized under Section 37-23-31 for deaf, aphasic and
538 emotionally disturbed children or any regular nonstudent bus
539 driver retiring after September 30, 1999, shall be eligible to
540 continue life insurance coverage in an amount of Five Thousand
541 Dollars (\$5,000.00), Ten Thousand Dollars (\$10,000.00) or Twenty
542 Thousand Dollars (\$20,000.00) into retirement.

543 (4) Any eligible employee who on March 1, 1971, was
544 participating in a group life insurance program which has
545 provisions different from those included herein and for which the
546 State of Mississippi was paying a part of the premium may, at his
547 discretion, continue to participate in such plan. Such employee
548 shall pay in full all additional costs, if any, above the minimum
549 program established by this article. Under no circumstances shall
550 any individual who begins employment with the state after March 1,
551 1971, be eligible for the provisions of this subsection.

552 (5) The board may offer medical savings accounts as defined
553 in Section 71-9-3 as a plan option.

554 (6) Any premium differentials, differences in coverages,
555 discounts determined by risk or by any other factors shall be
556 uniformly applied to all active employees participating in the
557 insurance plan. It is the intent of the Legislature that the
558 state contribution to the plan be the same for each employee
559 throughout the state.

560 (7) On October 1, 1999, any school district,
561 community/junior college district or public library may elect to

562 remain with an existing policy or policies of group life insurance
563 with an insurance company approved by the State and School
564 Employees Health Insurance Management Board, in lieu of
565 participation in the State and School Life Insurance Plan. On or
566 after July 1, 2004, until October 1, 2004, any school district,
567 community/junior college district or public library may elect to
568 choose a policy or policies of group life insurance existing on
569 October 1, 1999, with an insurance company approved by the State
570 and School Employees Health Insurance Management Board in lieu of
571 participation in the State and School Life Insurance Plan. The
572 state's contribution of up to fifty percent (50%) of the active
573 employee's premium under the State and School Life Insurance Plan
574 may be applied toward the cost of coverage for full-time employees
575 participating in the approved life insurance company group plan.
576 For purposes of this subsection (7), "life insurance company group
577 plan" means a plan administered or sold by a private insurance
578 company. After October 1, 1999, the board may assess charges in
579 addition to the existing State and School Life Insurance Plan
580 rates to such employees as a condition of enrollment in the State
581 and School Life Insurance Plan. In order for any life insurance
582 company group plan to be approved by the State and School
583 Employees Health Insurance Management Board under this subsection
584 (7), it shall meet the following criteria:

585 (a) The insurance company offering the group life
586 insurance plan shall be rated "A-" or better by A.M. Best state
587 insurance rating service and be licensed as an admitted carrier in
588 the State of Mississippi by the Mississippi Department of
589 Insurance.

590 (b) The insurance company group life insurance plan
591 shall provide the same life insurance, accidental death and
592 dismemberment insurance and waiver of premium benefits as provided
593 in the State and School Life Insurance Plan.

594 (c) The insurance company group life insurance plan
595 shall be fully insured, and no form of self-funding life insurance
596 by such company shall be approved.

597 (d) The insurance company group life insurance plan
598 shall have one (1) composite rate per One Thousand Dollars
599 (\$1,000.00) of coverage for active employees regardless of age and
600 one (1) composite rate per One Thousand Dollars (\$1,000.00) of
601 coverage for all retirees regardless of age or type of retiree.

602 (e) The insurance company and its group life insurance
603 plan shall comply with any administrative requirements of the
604 State and School Employees Health Insurance Management Board. In
605 the event any insurance company providing group life insurance
606 benefits to employees under this subsection (7) fails to comply
607 with any requirements specified herein or any administrative
608 requirements of the board, the state shall discontinue providing
609 funding for the cost of such insurance.

610 **[From and after July 1 of the year in which Section 25-11-143**
611 **becomes effective as provided in subsection (1) of Section**
612 **25-11-143, this section shall read as follows:]**

613 25-15-9. (1) (a) The board shall design a plan of health
614 insurance for state employees that provides benefits for
615 semiprivate rooms in addition to other incidental coverages that
616 the board deems necessary. The amount of the coverages shall be
617 in such reasonable amount as may be determined by the board to be
618 adequate, after due consideration of current health costs in
619 Mississippi. The plan shall also include major medical benefits
620 in such amounts as the board shall determine. The board is also
621 authorized to accept bids for such alternate coverage and optional
622 benefits as the board deems proper. Any contract for alternative
623 coverage and optional benefits shall be awarded by the board after
624 it has carefully studied and evaluated the bids and selected the
625 best and most cost-effective bid. The board may reject all such
626 bids; however, the board shall notify all bidders of the rejection

627 and shall actively solicit new bids if all bids are rejected. The
628 board may employ or contract for such consulting or actuarial
629 services as may be necessary to formulate the plan, and to assist
630 the board in the preparation of specifications and in the process
631 of advertising for the bids for the plan. Those contracts shall
632 be solicited and entered into in accordance with Section 25-15-5.
633 The board shall keep a record of all persons, agents and
634 corporations who contract with or assist the board in preparing
635 and developing the plan. The board in a timely manner shall
636 provide copies of this record to the members of the advisory
637 council created in this section and those legislators, or their
638 designees, who may attend meetings of the advisory council. The
639 board shall provide copies of this record in the solicitation of
640 bids for the administration or servicing of the self-insured
641 program. Each person, agent or corporation that, during the
642 previous fiscal year, has assisted in the development of the plan
643 or employed or compensated any person who assisted in the
644 development of the plan, and that bids on the administration or
645 servicing of the plan, shall submit to the board a statement
646 accompanying the bid explaining in detail its participation with
647 the development of the plan. This statement shall include the
648 amount of compensation paid by the bidder to any such employee
649 during the previous fiscal year. The board shall make all such
650 information available to the members of the advisory council and
651 those legislators, or their designees, who may attend meetings of
652 the advisory council before any action is taken by the board on
653 the bids submitted. The failure of any bidder to fully and
654 accurately comply with this paragraph shall result in the
655 rejection of any bid submitted by that bidder or the cancellation
656 of any contract executed when the failure is discovered after the
657 acceptance of that bid. The board is authorized to promulgate
658 rules and regulations to implement the provisions of this
659 subsection.

660 The board shall develop plans for the insurance plan
661 authorized by this section in accordance with the provisions of
662 Section 25-15-5.

663 Any corporation, association, company or individual that
664 contracts with the board for the third-party claims administration
665 of the self-insured plan shall prepare and keep on file an
666 explanation of benefits for each claim processed. The explanation
667 of benefits shall contain such information relative to each
668 processed claim which the board deems necessary, and, at a
669 minimum, each explanation shall provide the claimant's name, claim
670 number, provider number, provider name, service dates, type of
671 services, amount of charges, amount allowed to the claimant and
672 reason codes. The information contained in the explanation of
673 benefits shall be available for inspection upon request by the
674 board. The board shall have access to all claims information
675 utilized in the issuance of payments to employees and providers.

676 (b) There is created an advisory council to advise the
677 board in the formulation of the State and School Employees Health
678 Insurance Plan. The council shall be composed of the State
679 Insurance Commissioner or his designee, an employee-representative
680 of the state institutions of higher learning appointed by the
681 board of trustees thereof, an employee-representative of the
682 Mississippi Department of Transportation appointed by the director
683 thereof, an employee-representative of the State Tax Commission
684 appointed by the Commissioner of Revenue, an
685 employee-representative of the State Department of Health
686 appointed by the State Health Officer, an employee-representative
687 of the Mississippi Department of Corrections appointed by the
688 Commissioner of Corrections, and an employee-representative of the
689 Mississippi Department of Human Services appointed by the
690 Executive Director of Human Services, two (2) certificated public
691 school administrators appointed by the State Board of Education,
692 two (2) certificated classroom teachers appointed by the State

693 Board of Education, a noncertificated school employee appointed by
694 the State Board of Education and a community/junior college
695 employee appointed by the State Board for Community and Junior
696 Colleges.

697 The Lieutenant Governor may designate the Secretary of the
698 Senate, the Chairman of the Senate Appropriations Committee, the
699 Chairman of the Senate Education Committee and the Chairman of the
700 Senate Insurance Committee, and the Speaker of the House of
701 Representatives may designate the Clerk of the House, the Chairman
702 of the House Appropriations Committee, the Chairman of the House
703 Education Committee and the Chairman of the House Insurance
704 Committee, to attend any meeting of the State and School Employees
705 Insurance Advisory Council. The appointing authorities may
706 designate an alternate member from their respective houses to
707 serve when the regular designee is unable to attend such meetings
708 of the council. Those designees shall have no jurisdiction or
709 vote on any matter within the jurisdiction of the council. For
710 attending meetings of the council, those legislators shall receive
711 per diem and expenses, which shall be paid from the contingent
712 expense funds of their respective houses in the same amounts as
713 provided for committee meetings when the Legislature is not in
714 session; however, no per diem and expenses for attending meetings
715 of the council will be paid while the Legislature is in session.
716 No per diem and expenses will be paid except for attending
717 meetings of the council without prior approval of the proper
718 committee in their respective houses.

719 (c) No change in the terms of the State and School
720 Employees Health Insurance Plan may be made effective unless the
721 board, or its designee, has provided notice to the State and
722 School Employees Health Insurance Advisory Council and has called
723 a meeting of the council at least fifteen (15) days before the
724 effective date of the change. If the State and School Employees
725 Health Insurance Advisory Council does not meet to advise the

726 board on the proposed changes, the changes to the plan will become
727 effective at such time as the board has informed the council that
728 the changes will become effective.

729 (2) Nonduplication of benefits--reduction of benefits by
730 Title XIX benefits: When benefits would be payable under more
731 than one (1) group plan, benefits under those plans will be
732 coordinated to the extent that the total benefits under all plans
733 will not exceed the total expenses incurred.

734 Benefits for hospital or surgical or medical benefits shall
735 be reduced by any similar benefits payable in accordance with
736 Title XIX of the Social Security Act or under any amendments
737 thereto, or any implementing legislation.

738 Benefits for hospital or surgical or medical benefits shall
739 be reduced by any similar benefits payable by workers'
740 compensation.

741 (3) (a) Schedule of life insurance benefits--group term:
742 The amount of term life insurance for each active employee of a
743 department, agency or institution of the state government shall
744 not be in excess of One Hundred Thousand Dollars (\$100,000.00), or
745 twice the amount of the employee's annual wage to the next highest
746 One Thousand Dollars (\$1,000.00), whichever may be less, but in no
747 case less than Thirty Thousand Dollars (\$30,000.00), with a like
748 amount for accidental death and dismemberment on a
749 twenty-four-hour basis.

750 (b) Effective October 1, 1999, schedule of life
751 insurance benefits--group term: The amount of term life insurance
752 for each active employee of any school district, community/junior
753 college, public library, university-based program authorized under
754 Section 37-23-31 for deaf, aphasic and emotionally disturbed
755 children, or any regular nonstudent bus driver shall not be in
756 excess of One Hundred Thousand Dollars (\$100,000.00), or twice the
757 amount of the employee's annual wage to the next highest One
758 Thousand Dollars (\$1,000.00), whichever may be less, but in no

759 case less than Thirty Thousand Dollars (\$30,000.00), with a like
760 amount for accidental death and dismemberment on a
761 twenty-four-hour basis. The plan will further contain a premium
762 waiver provision if a covered employee of any school district,
763 community/junior college, public library, university-based program
764 authorized under Section 37-23-31 for deaf, aphasic and
765 emotionally disturbed children, or any regular nonstudent bus
766 driver becomes totally and permanently disabled before age
767 sixty-five (65) years.

768 (4) Any eligible employee who on March 1, 1971, was
769 participating in a group life insurance program that has
770 provisions different from those included in this section and for
771 which the State of Mississippi was paying a part of the premium
772 may, at his discretion, continue to participate in that plan. The
773 employee shall pay in full all additional costs, if any, above the
774 minimum program established by this article. Under no
775 circumstances shall any individual who begins employment with the
776 state after March 1, 1971, be eligible for the provisions of this
777 subsection.

778 (5) The board may offer medical savings accounts as defined
779 in Section 71-9-3 as a plan option.

780 (6) Any premium differentials, differences in coverages,
781 discounts determined by risk or by any other factors shall be
782 uniformly applied to all active employees participating in the
783 insurance plan. It is the intent of the Legislature that the
784 state contribution to the plan be the same for each employee
785 throughout the state.

786 (7) On October 1, 1999, any school district,
787 community/junior college district or public library may elect to
788 remain with an existing policy or policies of group life insurance
789 with an insurance company approved by the State and School
790 Employees Health Insurance Management Board, in lieu of
791 participation in the State and School Life Insurance Plan. On or

792 after July 1, 2004, until October 1, 2004, any school district,
793 community/junior college district or public library may elect to
794 choose a policy or policies of group life insurance existing on
795 October 1, 1999, with an insurance company approved by the State
796 and School Employees Health Insurance Management Board in lieu of
797 participation in the State and School Life Insurance Plan. The
798 state's contribution of up to fifty percent (50%) of the active
799 employee's premium under the State and School Life Insurance Plan
800 may be applied toward the cost of coverage for full-time employees
801 participating in the approved life insurance company group plan.
802 For purposes of this subsection (7), "life insurance company group
803 plan" means a plan administered or sold by a private insurance
804 company. After October 1, 1999, the board may assess charges in
805 addition to the existing State and School Life Insurance Plan
806 rates to those employees as a condition of enrollment in the State
807 and School Life Insurance Plan. In order for any life insurance
808 company group plan to be approved by the State and School
809 Employees Health Insurance Management Board under this subsection
810 (7), it shall meet the following criteria:

811 (a) The insurance company offering the group life
812 insurance plan shall be rated "A-" or better by A.M. Best state
813 insurance rating service and be licensed as an admitted carrier in
814 the State of Mississippi by the Mississippi Department of
815 Insurance.

816 (b) The insurance company group life insurance plan
817 shall provide the same life insurance, accidental death and
818 dismemberment insurance and waiver of premium benefits as provided
819 in the State and School Life Insurance Plan.

820 (c) The insurance company group life insurance plan
821 shall be fully insured, and no form of self-funding life insurance
822 by such company shall be approved.

823 (d) The insurance company group life insurance plan
824 shall have one (1) composite rate per One Thousand Dollars
825 (\$1,000.00) of coverage for active employees regardless of age.

826 (e) The insurance company and its group life insurance
827 plan shall comply with any administrative requirements of the
828 State and School Employees Health Insurance Management Board. If
829 any insurance company providing group life insurance benefits to
830 employees under this subsection (7) fails to comply with any
831 requirements specified in this subsection or any administrative
832 requirements of the board, the state shall discontinue providing
833 funding for the cost of that insurance.

834 **SECTION 3.** Section 1 of this act shall take effect and be in
835 force from and after January 1, 2006. Section 2 of this act shall
836 take effect and be in force from and after its passage.