

By: Senator(s) Burton

To: Insurance

SENATE BILL NO. 2779

1 AN ACT TO AMEND SECTIONS 25-15-5 AND 25-15-11, MISSISSIPPI  
 2 CODE OF 1972, TO REQUIRE THE STATE AND SCHOOL EMPLOYEES HEALTH  
 3 INSURANCE MANAGEMENT BOARD TO ADMINISTER AND SERVICE THE HEALTH  
 4 INSURANCE PLAN AND TO REQUIRE THE DEPARTMENT OF FINANCE AND  
 5 ADMINISTRATION TO PROVIDE PERSONNEL AND TECHNICAL SUPPORT  
 6 NECESSARY AND SUFFICIENT TO ADMINISTER AND SERVICE THE PLAN; TO  
 7 REPEAL SECTION 25-15-301, MISSISSIPPI CODE OF 1972, WHICH  
 8 AUTHORIZES THE BOARD TO CONTRACT THE ADMINISTRATION AND SERVICE OF  
 9 THE SELF-INSURED PROGRAM TO A THIRD PARTY; AND FOR RELATED  
 10 PURPOSES.

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

12 **SECTION 1.** Section 25-15-5, Mississippi Code of 1972, is  
 13 amended as follows:

14 25-15-5. (1) The board shall administer and service the  
 15 plan and is authorized to adopt and promulgate rules and  
 16 regulations for its administration, subject to the terms and  
 17 limitations contained in this article.

18 (2) The board shall develop a five-year strategic plan for  
 19 the insurance plan established by Section 25-15-3 et seq. The  
 20 strategic plan shall address, but not be limited to:

21 (a) Changing trends in the health care industry, and  
 22 how they effect delivery of services to members of the plan.

23 (b) Alternative service delivery systems.

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

26 (d) The development of options and recommendations for  
 27 changes in the plan.

28 (3) To carry out the requirements of subsection (2) of this  
 29 section, the board may conduct formal research, including  
 30 questionnaires and attitudinal surveys of members' needs and  
 31 preferences with respect to service delivery.

32 (4) After the board has complied with all provisions of  
33 Section 25-15-9 regarding the establishment of the plan, it shall  
34 be responsible for fully disclosing to plan members the provisions  
35 of the plan. Such disclosure shall consist of the dissemination  
36 of educational material on the plan and any proposed changes  
37 thereto. The board shall provide members with complete  
38 educational materials at least thirty (30) days before the date  
39 upon which the plan's members must select a plan option for health  
40 care services. The board shall further use the resources of the  
41 Mississippi Authority for Educational Television or other state  
42 agency, university or college to provide information on proposed  
43 changes. The board may also use other state-owned media, as well  
44 as public service announcements on private media to disseminate  
45 information regarding proposed changes in the plan.

46 (5) The board shall develop and make available for public  
47 review at its offices a comprehensive plan document which  
48 documents all benefits for which members of the plan created by  
49 Section 25-15-3 et seq. are eligible. \* \* \*

50 (6) (a) The board may enter into contracts with  
51 accountants, actuaries and other persons from the private sector  
52 whose skills are necessary to carry out the purposes of Section  
53 25-15-3 et seq., but shall not contract with a third-party  
54 administrator to service the plan. The Department of Finance and  
55 Administration shall provide to the board on a full-time basis  
56 personnel and technical support necessary and sufficient to  
57 administer and service the plan.

58 (b) Before the board enters into any contract for  
59 services as provided in paragraph (a) of this subsection, the  
60 board shall first determine that the services are required, and  
61 that the staff of the board and personnel of other state agencies  
62 are not sufficiently experienced to provide the services.

63 \* \* \*

64           (c) The board is also authorized to procure legal  
65 services if it deems these services to be necessary to carry out  
66 its responsibilities under Section 25-15-3 et seq.

67           **SECTION 2.** Section 25-15-11, Mississippi Code of 1972, is  
68 amended as follows:

69           **[Through June 30 of the year in which Section 25-11-143**  
70 **becomes effective as provided in subsection (1) of Section**  
71 **25-11-143, this section shall read as follows:]**

72           25-15-11. (1) The board is authorized to execute a contract  
73 or contracts to provide the benefits under the plan. Such  
74 contract or contracts may be executed with one or more  
75 corporations or associations licensed to transact life and  
76 accident and health insurance business in this state; however, no  
77 such contract shall be executed with any corporation, association  
78 or company domiciled in any other state except that such  
79 corporation, association or company shall meet the conditions and  
80 terms for a like contract established by the state of the domicile  
81 of such corporation, association or company for a Mississippi  
82 corporation, association or company. No corporation, association  
83 or company with less than five (5) years' experience in the life  
84 and health field may bid. All of the benefits to be provided  
85 under the plan may be included in one or more similar contracts,  
86 or the benefits may be classified into different types with each  
87 type included under one or more similar contracts issued by the  
88 same or different companies.

89           The board shall supply the statistical information upon which  
90 a quotation is to be calculated, upon request, to all carriers  
91 licensed in the state. Bids may be accepted at the discretion of  
92 the board, and the board shall have the right to adjust rates on  
93 an annual basis if the board shall deem such adjustment necessary.  
94 The plan for active employees shall be on retention accounting  
95 basis, and a separate retention accounting basis shall be used for  
96 retired employees. Any additional written information the carrier

97 wishes to submit, supporting the proposed benefits and premium  
98 rate, may accompany the proposal. After receiving the proposals,  
99 the board shall determine whether to contract with the carrier  
100 which has been determined to have submitted the lowest and best  
101 bid, or to reject all such bids and receive new proposals.

102 The board shall authorize any corporation licensed to  
103 transact accident and health insurance business in this state  
104 issuing any such contract to reinsure portions of such contract  
105 with any other such corporation which elected to be a reinsurer  
106 and is legally competent to enter into a reinsurance agreement.  
107 The board may designate one or more of such corporations as the  
108 administering corporation or corporations. Each employee who is  
109 covered under any such contract or contracts shall receive a  
110 certificate setting forth the benefits to which the employee is  
111 entitled thereunder, to whom such benefits shall be payable, to  
112 whom claims should be submitted, and summarizing the provisions of  
113 the contract principally affecting the employee. Such certificate  
114 shall be in lieu of the certificate which the corporation or  
115 corporations issuing such contract or contracts would otherwise  
116 issue.

117 The board may, as of the end of any contract year,  
118 discontinue any contract or contracts it has executed with any  
119 corporation or corporations and replace it or them with a contract  
120 or contracts in any other corporation or corporations meeting the  
121 requirements of this section.

122 The board may reject any and all bids and contracts under  
123 this section and may elect for the state to become a  
124 self-insurer \* \* \*.

125 \* \* \*

126 (2) By September 30 of each year, the board shall report to  
127 the Joint Legislative Budget Committee, Senate Insurance  
128 Committee, House Insurance Committee, Senate Education Committee,  
129 House Education Committee and Joint Legislative Committee on

130 Performance Evaluation and Expenditure Review the condition of the  
131 State and School Employees Life and Health Insurance Plan. Such  
132 report shall contain for the most recently completed fiscal year,  
133 but not be limited to, the following:

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

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

139 (c) The history of loss ratios for the active  
140 employees, dependents and retirees premium classes as well as  
141 historical trend of such ratios. For the purposes of this  
142 section, the term "loss ratios" means claims paid by the plan for  
143 each premium class divided by premiums received by the plan for  
144 insurance coverage of the members in that premium class.

145 (d) Budgetary information, including:

146 (i) A detailed breakdown of all expenditures of  
147 the plan, administrative and otherwise, for the most recently  
148 completed fiscal year and projected expenditures, administrative  
149 and otherwise, for the current and next fiscal year;

150 (ii) A schedule of all contracts, administrative  
151 and otherwise, executed for the benefit of the plan during the  
152 most recent completed fiscal year and those executed and  
153 anticipated for the current fiscal year; and

154 (iii) A description of the processes used by the  
155 board to procure all contracts, administrative and otherwise, as  
156 well as a description of the scope of services to be provided by  
157 each contractor.

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

160 The Joint Legislative Budget Committee, Senate Insurance  
161 Committee, House Insurance Committee, Senate Education Committee,  
162 House Education Committee and Joint Legislative Committee on

163 Performance Evaluation and Expenditure Review may request  
164 additional information or reports from the board on an as-needed  
165 basis.

166 (3) Annually, the board shall request, and the Department of  
167 Audit shall conduct, a comprehensive audit of the State and School  
168 Employees Life and Health Insurance Plan. For purposes of this  
169 section, the audit required herein shall be separate and distinct  
170 from any audit prepared in conjunction with the development of the  
171 Comprehensive Annual Financial Report (CAFR).

172 **[From and after July 1 of the year in which Section 25-11-143**  
173 **becomes effective as provided in subsection (1) of Section**  
174 **25-11-143, this section shall read as follows:]**

175 25-15-11. (1) The board is authorized to execute a contract  
176 or contracts to provide the benefits under the plan. That  
177 contract or contracts may be executed with one or more  
178 corporations or associations licensed to transact life and  
179 accident and health insurance business in this state; however, no  
180 such contract shall be executed with any corporation, association  
181 or company domiciled in any other state unless the corporation,  
182 association or company meets the conditions and terms for a like  
183 contract established by the state of the domicile of the  
184 corporation, association or company for a Mississippi corporation,  
185 association or company. No corporation, association or company  
186 with less than five (5) years' experience in the life and health  
187 field may bid. All of the benefits to be provided under the plan  
188 may be included in one or more similar contracts, or the benefits  
189 may be classified into different types with each type included  
190 under one or more similar contracts issued by the same or  
191 different companies.

192 The board shall supply the statistical information upon which  
193 a quotation is to be calculated, upon request, to all carriers  
194 licensed in the state. Bids may be accepted at the discretion of  
195 the board, and the board shall have the right to adjust rates on

196 an annual basis if the board deems the adjustment necessary. The  
197 plan for active employees shall be on retention accounting basis.  
198 Any additional written information the carrier wishes to submit,  
199 supporting the proposed benefits and premium rate, may accompany  
200 the proposal. After receiving the proposals, the board shall  
201 determine whether to contract with the carrier that has been  
202 determined to have submitted the lowest and best bid, or to reject  
203 all the bids and receive new proposals.

204 The board shall authorize any corporation licensed to  
205 transact accident and health insurance business in this state  
206 issuing any such contract to reinsure portions of the contract  
207 with any other such corporation that elected to be a reinsurer and  
208 is legally competent to enter into a reinsurance agreement. The  
209 board may designate one or more of those corporations as the  
210 administering corporation or corporations. Each employee who is  
211 covered under any such contract or contracts shall receive a  
212 certificate setting forth the benefits to which the employee is  
213 entitled under the contracts, to whom the benefits will be  
214 payable, to whom claims should be submitted, and summarizing the  
215 provisions of the contract principally affecting the employee.  
216 The certificate shall be in lieu of the certificate that the  
217 corporation or corporations issuing the contract or contracts  
218 would otherwise issue.

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

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225 this section and may elect for the state to become a  
226 self-insurer \* \* \*.

227 \* \* \*

228           (2) By September 30 of each year, the board shall report to  
229 the Joint Legislative Budget Committee, Senate Insurance  
230 Committee, House Insurance Committee, Senate Education Committee,  
231 House Education Committee and Joint Legislative Committee on  
232 Performance Evaluation and Expenditure Review the condition of the  
233 State and School Employees Life and Health Insurance Plan. The  
234 report shall contain for the most recently completed fiscal year,  
235 but not be limited to, the following:

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

238           (b) The history of yearly claims paid and premiums  
239 received for each premium class, including, but not limited to,  
240 active employees and dependents.

241           (c) The history of loss ratios for the active employees  
242 and dependents premium classes as well as historical trend of the  
243 ratios. For the purposes of this section, the term "loss ratios"  
244 means claims paid by the plan for each premium class divided by  
245 premiums received by the plan for insurance coverage of the  
246 members in that premium class.

247           (d) Budgetary information, including:

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

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

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

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

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

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

274           **SECTION 3.** Section 25-15-301, Mississippi Code of 1972,  
275 which authorizes the State and School Employees Health Insurance  
276 Management Board to contract the administration and service of the  
277 self-insured program to a third party, is hereby repealed.

278           **SECTION 4.** This act shall take effect and be in force from  
279 and after July 1, 2006.