

By: Senator(s) Thomas

To: Finance

SENATE BILL NO. 2193

1 AN ACT TO AMEND SECTION 25-11-143, MISSISSIPPI CODE OF 1972,
 2 TO PROVIDE THAT THE BOARD OF TRUSTEES OF THE PUBLIC EMPLOYEES'
 3 RETIREMENT SYSTEM SHALL DESIGN A PLAN OF HEALTH INSURANCE FOR ALL
 4 CURRENT AND FUTURE RETIREES THAT WILL TAKE EFFECT FROM AND AFTER
 5 JANUARY 1, 2008; TO PROVIDE THAT 50% OF THE COST OF PROVIDING THE
 6 PLAN TO RETIREES SHALL BE SUBSIDIZED; TO AMEND SECTIONS 25-11-141,
 7 25-11-145, 25-11-123, 25-15-3, 25-15-9, 25-15-11, 25-15-14,
 8 25-15-15 AND 25-15-103, MISSISSIPPI CODE OF 1972, IN CONFORMITY
 9 THERETO; AND FOR RELATED PURPOSES.

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

11 **SECTION 1.** Section 25-11-143, Mississippi Code of 1972, is
 12 amended as follows:

13 25-11-143. * * *

14 (1) As used in this section, the term "retiree" means any
 15 person receiving a service or disability retirement benefit from
 16 any system administered by the board; however, in the case of
 17 persons participating in the optional retirement plan established
 18 in Section 25-11-401 et seq., the term "retiree" includes only
 19 those persons who would be entitled to receive a retirement
 20 allowance under the provisions of Section 25-11-111 if they were
 21 not members of the optional retirement plan.

22 (2) The board shall design a plan of health insurance for
 23 all current and future retirees that will take effect from and
 24 after January 1, 2008. The plan may include coverage for the
 25 spouse, surviving beneficiary and dependent children of retirees
 26 and other such sponsored dependents as the board considers
 27 appropriate; however, the subsidy provided for in this section
 28 shall apply only to the cost of providing coverage to retirees.
 29 Initially, the plan shall have benefits equivalent to those in the
 30 State and School Employees Health Insurance Plan established in

31 Section 25-15-9; however, the board may modify the plan as
32 necessary to meet the needs of the members of the plan and to
33 maintain the fiscal soundness of the plan. The board may offer an
34 optional plan to retirees who are eligible for Medicare, and any
35 additional cost of that plan shall be paid by the retiree electing
36 that optional coverage.

37 (3) (a) Retirees may decline coverage in the plan
38 established by this section, but they may be included in the plan
39 later if they apply for coverage during any open enrollment
40 periods that may be established by the board and can show, by
41 evidence considered sufficient to the board, that they were
42 covered by health insurance during the period of time that they
43 were not covered by the plan established by this section. The
44 board may adjust the amount of the subsidy for those persons and
45 may limit the number of times retirees who decline coverage who
46 may be later included in the plan.

47 (b) The board shall determine the manner in which
48 persons who elect continuation coverage under the federal
49 Consolidated Omnibus Budget Reconciliation Act of 1987 (COBRA)
50 will be treated regarding their eligibility for coverage under the
51 plan established under this section and the amount of the subsidy
52 for those persons.

53 (4) From and after January 1, 2008, the board shall
54 subsidize fifty percent (50%) of the cost of providing the plan of
55 health insurance to retirees. * * *

56 (5) The amount of the subsidy for each disability retiree
57 shall be * * * the same * * * as provided for other retirees. For
58 purposes of determining the amount that a disability retiree must
59 pay above the subsidy for coverage under the plan, the cost of
60 coverage for disability retirees shall be deemed to be the average
61 cost of providing coverage for other retirees as determined by the
62 board.

63 (6) Each retiree participating in the plan, by written
64 authorization, shall instruct the board to deduct from the
65 retirement allowance the portion of the premium that is not
66 subsidized. The amounts so deducted shall be handled by the board
67 in the manner provided for in subsection (8) of this section.

68 (7) From and after July 1, 2007, each employer shall pay
69 monthly to the board an amount determined by the board to be
70 necessary to fund the monthly cost of the subsidy required by this
71 section.

72 (8) The board may establish and enforce late charges and
73 interest penalties or other penalties for the purpose of requiring
74 the prompt payment of all contributions required under this
75 section. After appropriation for administration expenses of the
76 program, all funds received by the board under this section shall
77 be held in a fund in the custody of the board. All those funds
78 held by the board shall be utilized for the purpose of subsidizing
79 the health insurance plan required to be established by this
80 section, and shall be invested as provided in Section 25-11-145.

81 (9) The board:

82 (a) Shall administer the plan;

83 (b) Shall have the sole authority to promulgate rules
84 and regulations governing the plan, and shall be vested with all
85 legal authority necessary and proper to perform this function
86 including, but not limited to, defining the benefits provided by
87 the plan, requesting and accepting bids for services, establishing
88 premium rates and receiving premium payments;

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

92 (d) Is authorized to procure legal services if it deems
93 these services necessary to carry out its responsibilities under
94 this section.

95 **SECTION 2.** Section 25-11-141, Mississippi Code of 1972, is
96 amended as follows:

97 **[Through December 31, 2007, this section shall read as**
98 **follows:]**

99 25-11-141. The board of trustees may enter into an agreement
100 with insurance companies, hospital service associations, medical
101 or health care corporations, health maintenance organizations, or
102 government agencies authorized to do business in the state for
103 issuance of a policy or contract of life, health, medical,
104 hospital or surgical benefits, or any combination thereof, for
105 those persons receiving a service, disability or survivor
106 retirement allowance from any system administered by the board.
107 Notwithstanding any other provision of this chapter, the policy or
108 contract also may include coverage for the spouse and dependent
109 children of such eligible person and for such sponsored dependents
110 as the board considers appropriate. If all or any portion of the
111 policy or contract premium is to be paid by any person receiving a
112 service, disability or survivor retirement allowance, such person
113 shall, by written authorization, instruct the board to deduct from
114 the retirement allowance the premium cost and to make payments to
115 such companies, associations, corporations or agencies.

116 The board may contract for such coverage on the basis that
117 the cost of the premium for the coverage will be paid by the
118 person receiving a retirement allowance.

119 The board is authorized to accept bids for such optional
120 coverage and benefits and to make all necessary rules pursuant to
121 the purpose and intent of this section.

122 **[From and after January 1, 2008, this section shall read as**
123 **follows:]**

124 25-11-141. The board of trustees may enter into an agreement
125 with insurance companies or government agencies authorized to do
126 business in the state for issuance of a policy or contract of
127 life, dental, vision or other similar benefits, or any combination

128 thereof, for those persons receiving a service, disability or
129 survivor retirement allowance from any system administered by the
130 board. Notwithstanding any other provision of this chapter, the
131 policy or contract also may include coverage for the spouse and
132 dependent children of the eligible person and for such sponsored
133 dependents as the board considers appropriate. If all or any
134 portion of the policy or contract premium is to be paid by any
135 person receiving a service, disability or survivor retirement
136 allowance, the person shall, by written authorization, instruct
137 the board to deduct from the retirement allowance the premium cost
138 and to make payments to those companies, associations,
139 corporations or agencies.

140 The board may contract for this coverage on the basis that
141 the cost of the premium for the coverage will be paid by the
142 person receiving a retirement allowance.

143 The board is authorized to accept bids for the optional
144 coverage and benefits and to make all necessary rules to carry out
145 the purpose and intent of this section.

146 **SECTION 3.** Section 25-11-145, Mississippi Code of 1972, is
147 amended as follows:

148 25-11-145. * * *

149 (1) In managing the funds received for the insurance program
150 established in Section 25-11-143, the board from time to time
151 shall determine the current requirements for payments and
152 administrative expense that will be maintained as a cash working
153 balance, except that the cash working balance shall not exceed at
154 any time an amount necessary to meet the current obligations of
155 the fund for a period of ninety (90) days. Any amounts in excess
156 of the cash working balance shall be invested, as follows, at such
157 periodic intervals as the board may determine:

158 (a) Funds may be deposited in federally insured
159 institutions;

160 (b) Corporate and taxable municipal bonds of investment
161 grade as rated by Standard and Poor's or by Moody's Investment
162 Service, with bonds rated BAA/BBB not to exceed five percent (5%)
163 of the book value of the total fixed income investments, or
164 corporate short-term obligations of corporations or of
165 wholly owned subsidiaries of corporations, whose short-term
166 obligations are rated A-3 or better by Standard and Poor's or
167 rated P-3 or better by Moody's Investment Service;

168 (c) Bonds of the Tennessee Valley Authority; bonds,
169 notes, certificates and other valid obligations of the United
170 States, and other valid obligations of any federal instrumentality
171 that issues securities under authority of an act of Congress and
172 are exempt from registration with the Securities and Exchange
173 Commission; bonds, notes, debentures and other securities issued
174 by any federal instrumentality and fully guaranteed by the United
175 States;

176 (d) Interest-bearing bonds or notes that are general
177 obligations of any other state in the United States or of any city
178 or county in that state, provided that the state, city or county
179 has not defaulted for a period longer than thirty (30) days in the
180 payment of principal or interest on any of its general obligation
181 indebtedness during a period of ten (10) calendar years
182 immediately preceding the investment;

183 (e) Shares of stocks, common and/or preferred, of
184 corporations created by, or existing under, the laws of the United
185 States or any state, district or territory thereof, provided that:

186 (i) The maximum investments in stocks shall not
187 exceed fifty percent (50%) of the book value of the total
188 investment fund;

189 (ii) The stock of such corporation shall be listed
190 on a national stock exchange, or be traded in the over-the-counter
191 market;

192 (iii) The outstanding shares of the corporation
193 shall have a total market value of not less than Fifty Million
194 Dollars (\$50,000,000.00);

195 (iv) The amount of investment in any one (1)
196 corporation shall not exceed three percent (3%) of the book value
197 of the total investment fund; and

198 (v) The shares of any one (1) corporation owned by
199 the fund shall not exceed five percent (5%) of that corporation's
200 outstanding stock;

201 (f) Bonds rated Single A or better, stocks and
202 convertible securities of established non-United States companies,
203 and in foreign government securities rated Single A or better by a
204 recognized rating agency, provided that the total book value of
205 investments under this paragraph at no time shall exceed thirty
206 percent (30%) of the total book value of the total investment
207 fund. The board may take requisite action to effectuate or hedge
208 those transactions through foreign or domestic banks, including
209 the purchase and sale, transfer, exchange, or otherwise disposal
210 of, and generally deal in foreign exchange through the use of
211 foreign currency, interbank forward contracts, futures contracts,
212 options contracts, swaps and other related derivative instruments;

213 (g) Covered call and put options on securities traded
214 on one or more of the regulated exchanges;

215 (h) Pooled or commingled funds managed by a corporate
216 trustee or by a Securities and Exchange Commission registered
217 investment advisory firm retained as an investment manager by the
218 board of trustees, and shares of investment companies and unit
219 investment trusts registered under the Investment Company Act of
220 1940, where the pooled or commingled funds or shares are comprised
221 of common or preferred stocks, bonds, money market instruments or
222 other investments authorized under this section. The investment
223 in commingled funds or shares shall be held in trust. Any

224 investment manager approved by the board of trustees shall invest
225 the commingled funds or shares as a fiduciary;

226 (i) Pooled or commingled real estate funds or real
227 estate securities managed by a corporate trustee or by a
228 Securities and Exchange Commission registered investment advisory
229 firm retained as an investment manager by the board of trustees,
230 provided that the total book value of investments under this
231 paragraph at no time shall exceed five percent (5%) of the total
232 book value of all investments of the total investment fund. The
233 investment in commingled funds or shares shall be held in trust.
234 Any investment manager approved by the board of trustees shall
235 invest the commingled funds or shares as a fiduciary.

236 (2) All investments shall be acquired at prices not
237 exceeding the prevailing market values for the securities.

238 (3) Any limitations set forth in this section shall be
239 applicable only at the time of purchase and shall not require the
240 liquidation of any investment at any time. All investments shall
241 be clearly marked to indicate ownership by the fund and to the
242 extent possible shall be registered in the name of the fund.

243 (4) Subject to the preceding terms, conditions, limitations
244 and restrictions, the board shall have power to sell, assign,
245 transfer and dispose of any of the securities and investments of
246 the fund, provided that the sale, assignment or transfer has the
247 majority approval of the entire board. The board may employ or
248 contract with investment managers, evaluation services or other
249 such services as determined by the board to be necessary for the
250 effective and efficient operation of the fund.

251 (5) Except as otherwise provided in this section, no trustee
252 and no employee of the board shall have any direct or indirect
253 interest in the income, gains or profits of any investment made by
254 the board, nor shall any such person receive any pay or emolument
255 for his services in connection with any investment made by the
256 board. No trustee or employee of the board shall become an

257 endorser or surety, or in any manner an obligor for money loaned
258 by or borrowed from the fund.

259 (6) All interest derived from investments and any gains from
260 the sale or exchange of investments shall be credited by the board
261 to the account of the fund.

262 (7) The board of trustees shall be the custodian and
263 fiduciary of the fund.

264 (8) For the purpose of meeting disbursements, cash may be
265 kept available, not exceeding the requirements of the fund for a
266 period of ninety (90) days, on deposit in one or more banks or
267 trust companies organized under the laws of the State of
268 Mississippi or the laws of the United States, provided that the
269 sum on deposit in any one (1) bank or trust company shall not
270 exceed thirty-five percent (35%) of the paid-up capital and
271 regular surplus of the bank or trust company.

272 (9) The board of trustees shall determine the degree of
273 collateralization necessary for both foreign and domestic demand
274 deposit accounts in addition to that which is guaranteed by the
275 Federal Deposit Insurance Corporation or such other federal
276 insurance program as may be in effect.

277 (10) The board, the executive director and employees shall
278 discharge their duties with respect to the investments of the
279 system solely for the interest of the fund with the care, skill,
280 prudence and diligence under the circumstances then prevailing
281 that a prudent investor acting in a like capacity and familiar
282 with those matters would use in the conduct of an enterprise of a
283 like character and with like aims, including diversifying the
284 investments of the system so as to minimize the risk of large
285 losses, unless under the circumstances it is clearly prudent not
286 to do so.

287 (11) Investment management fees and costs shall be paid from
288 the fund.

289 **SECTION 4.** Section 25-11-123, Mississippi Code of 1972, is
290 amended as follows:

291 25-11-123. All of the assets of the system shall be credited
292 according to the purpose for which they are held to one (1) of
293 four (4) reserves; namely, the annuity savings account, the
294 annuity reserve, the employer's accumulation account, and the
295 expense account.

296 (a) **Annuity savings account.** In the annuity savings account
297 shall be accumulated the contributions made by members to provide
298 for their annuities, including interest thereon which shall be
299 posted monthly. Credits to and charges against the annuity
300 savings account shall be made as follows:

301 (1) Beginning July 1, 1991, the employer shall cause to
302 be deducted from the salary of each member on each and every
303 payroll of the employer for each and every payroll period seven
304 and one-fourth percent (7-1/4%) of earned compensation as defined
305 in Section 25-11-103. Future contributions shall be fixed
306 biennially by the board on the basis of the liabilities of the
307 retirement system for the various allowances and benefits as shown
308 by actuarial valuation; however, any member earning at a rate less
309 than Sixteen Dollars and Sixty-seven Cents (\$16.67) per month, or
310 Two Hundred Dollars (\$200.00) per year, shall contribute not less
311 than One Dollar (\$1.00) per month, or Twelve Dollars (\$12.00) per
312 year.

313 (2) The deductions provided herein shall be made
314 notwithstanding that the minimum compensation provided by law for
315 any member is reduced thereby. Every member shall be deemed to
316 consent and agree to the deductions made and provided for herein
317 and shall receipt for his full salary or compensation, and payment
318 of salary or compensation less the deduction shall be a full and
319 complete discharge and acquittance of all claims and demands
320 whatsoever for the services rendered by the person during the
321 period covered by the payment, except as to the benefits provided

322 under Articles 1 and 3. The board shall provide by rules for the
323 methods of collection of contributions from members and the
324 employer. The board shall have full authority to require the
325 production of evidence necessary to verify the correctness of
326 amounts contributed.

327 (b) **Annuity reserve.** The annuity reserve shall be the
328 account representing the actuarial value of all annuities in
329 force, and to it shall be charged all annuities and all benefits
330 in lieu of annuities, payable as provided in this article. If a
331 beneficiary retired on account of disability is restored to active
332 service with a compensation not less than his average final
333 compensation at the time of his last retirement, the remainder of
334 his contributions shall be transferred from the annuity reserve to
335 the annuity savings account and credited to his individual account
336 therein, and the balance of his annuity reserve shall be
337 transferred to the employer's accumulation account.

338 (c) **Employer's accumulation account.** The employer's
339 accumulation account shall represent the accumulation of all
340 reserves for the payment of all retirement allowances and other
341 benefits payable from contributions made by the employer, and
342 against this account shall be charged all retirement allowances
343 and other benefits on account of members. Credits to and charges
344 against the employer's accumulation account shall be made as
345 follows:

346 (1) On account of each member there shall be paid
347 monthly into the employer's accumulation account by the employers
348 for the preceding fiscal year an amount equal to a certain
349 percentage of the total earned compensation, as defined in Section
350 25-11-103, of each member. The percentage rate of those
351 contributions shall be fixed biennially by the board on the basis
352 of the liabilities of the retirement system for the various
353 allowances and benefits as shown by actuarial valuation.
354 Beginning January 1, 1990, the rate shall be fixed at nine and

355 three-fourths percent (9-3/4%). * * * Political subdivisions
356 joining Article 3 of the Public Employees' Retirement System after
357 July 1, 1968, may adjust the employer's contributions by agreement
358 with the Board of Trustees of the Public Employees' Retirement
359 System to provide service credits for any period before execution
360 of the agreement based upon an actuarial determination of
361 employer's contribution rates.

362 (2) On the basis of regular interest and of such
363 mortality and other tables as are adopted by the board of
364 trustees, the actuary engaged by the board to make each valuation
365 required by this article during the period over which the accrued
366 liability contribution is payable, immediately after making that
367 valuation, shall determine the uniform and constant percentage of
368 the earnable compensation of each member which, if contributed by
369 the employer on the basis of compensation of the member throughout
370 his entire period of membership service, would be sufficient to
371 provide for the payment of any retirement allowance payable on his
372 account for that service. The percentage rate so determined shall
373 be known as the "normal contribution rate." After the accrued
374 liability contribution has ceased to be payable, the normal
375 contribution rate shall be the percentage rate of the salary of
376 all members obtained by deducting from the total liabilities on
377 account of membership service the amount in the employer's
378 accumulation account, and dividing the remainder by one percent
379 (1%) of the present value of the prospective future salaries of
380 all members as computed on the basis of the mortality and service
381 tables adopted by the board of trustees and regular interest. The
382 normal rate of contributions shall be determined by the actuary
383 after each valuation.

384 (3) The total amount payable in each year to the
385 employer's accumulation account shall not be less than the sum of
386 the percentage rate known as the "normal contribution rate" and
387 the "accrued liability contribution rate" of the total

388 compensation earnable by all members during the preceding year,
389 provided that the payment by the employer shall be sufficient,
390 when combined with the amounts in the account, to provide the
391 allowances and other benefits chargeable to this account during
392 the year then current.

393 (4) The accrued liability contribution shall be
394 discontinued as soon as the accumulated balance in the employer's
395 accumulation account shall equal the present value, computed on
396 the basis of the normal contribution rate then in force, or the
397 prospective normal contributions to be received on account of all
398 persons who are at that time members.

399 (5) All allowances and benefits in lieu thereof, with
400 the exception of those payable on account of members who receive
401 no prior service credit, payable from contributions of the
402 employer, shall be paid from the employer's accumulation account.

403 (6) Upon the retirement of a member, an amount equal to
404 his retirement allowance shall be transferred from the employer's
405 accumulation account to the annuity reserve.

406 (d) **Expense account.** The expense account shall be the
407 account to which the expenses of the administration of the system
408 shall be charged, exclusive of amounts payable as retirement
409 allowances and as other benefits provided herein. The Legislature
410 shall make annual appropriations in amounts sufficient to
411 administer the system, which shall be credited to this account.
412 There shall be transferred to the State Treasury from this
413 account, not less than once per month, an amount sufficient for
414 payment of the estimated expenses of the system for the succeeding
415 thirty (30) days. Any interest earned on the expense account
416 shall accrue to the benefit of the system. However,
417 notwithstanding the provisions of Sections 25-11-15(10) and
418 25-11-105(f)(5)E, all expenses of the administration of the system
419 shall be paid from the interest earnings, provided the interest
420 earnings are in excess of the actuarial interest assumption as

421 determined by the board, and provided the present cost of the
422 administrative expense fee of two percent (2%) of the
423 contributions reported by the political subdivisions and
424 instrumentalities shall be reduced to one percent (1%) from and
425 after July 1, 1983, through June 30, 1984, and shall be eliminated
426 thereafter.

427 (e) **Collection of contributions.** The employer shall cause
428 to be deducted on each and every payroll of a member for each and
429 every payroll period, beginning subsequent to January 31, 1953,
430 the contributions payable by the member as provided in Articles 1
431 and 3.

432 The employer shall make deductions from salaries of employees
433 as provided in Articles 1 and 3 and shall transmit monthly, or at
434 such time as the board of trustees designates, the amount
435 specified to be deducted to the Executive Director of the Public
436 Employees' Retirement System. The executive director, after
437 making a record of all those receipts, shall deposit such amounts
438 as provided by law.

439 (f) (1) Upon the basis of each actuarial valuation provided
440 herein, the board of trustees shall biennially determine the
441 normal contribution rate and the accrued liability contribution
442 rate as provided in this section. The sum of these two (2) rates
443 shall be known as the "employer's contribution rate." Beginning
444 on earned compensation effective January 1, 1990, the rate
445 computed as provided in this section shall be nine and
446 three-fourths percent (9-3/4%). The board shall reduce the
447 employer's contribution rate by one percent (1%) from and after
448 July 1 of the year following the year in which the board
449 determines and the board's actuary certifies that the employer's
450 contribution rate can be reduced by that amount without causing
451 the unfunded accrued actuarial liability amortization period for
452 the retirement system to exceed twenty (20) years. The percentage
453 rate of those contributions shall be fixed biennially by the board

454 on the basis of the liabilities of the retirement system for the
455 various allowances and benefits as shown by actuarial
456 valuation.

457 (2) The amount payable by the employer on account of
458 normal and accrued liability contributions shall be determined by
459 applying the employer's contribution rate to the amount of
460 compensation earned by employees who are members of the system.
461 Monthly, or at such time as the board of trustees designates, each
462 department or agency shall compute the amount of the employer's
463 contribution payable, with respect to the salaries of its
464 employees who are members of the system, and shall cause that
465 amount to be paid to the board of trustees from the personal
466 service allotment of the amount appropriated for the operation of
467 the department or agency, or from funds otherwise available to the
468 agency, for the payment of salaries to its employees.

469 (3) Constables shall pay employer and employee
470 contributions on their net fee income as well as the employee
471 contributions on all direct treasury or county payroll income.
472 The county shall be responsible for the employer contribution on
473 all direct treasury or county payroll income of constables.

474 (4) Chancery and circuit clerks shall be responsible
475 for both the employer and employee share of contributions on the
476 proportionate share of net income attributable to fees, as well as
477 the employee share of net income attributable to direct treasury
478 or county payroll income, and the employing county shall be
479 responsible for the employer contributions on the net income
480 attributable to direct treasury or county payroll income.

481 (5) Once each year, under procedures established by the
482 system, each employer shall submit to the Public Employees'
483 Retirement System a copy of their report to Social Security of all
484 employees' earnings.

485 (6) The board shall provide by rules for the methods of
486 collection of contributions of employers and members. The amounts

487 determined due by an agency to the various funds as specified in
488 Articles 1 and 3 are made obligations of the agency to the board
489 and shall be paid as provided herein. Failure to deduct those
490 contributions shall not relieve the employee and employer from
491 liability thereof. Delinquent employee contributions and any
492 accrued interest shall be the obligation of the employee and
493 delinquent employer contributions and any accrued interest shall
494 be the obligation of the employer. The employer may, in its
495 discretion, elect to pay any or all of the interest on delinquent
496 employee contributions. From and after July 1, 1996, under rules
497 and regulations established by the board, all employers are
498 authorized and shall transfer all funds due to the Public
499 Employees' Retirement System electronically and shall transmit any
500 wage or other reports by computerized reporting systems.

501 **SECTION 5.** Section 25-15-3, Mississippi Code of 1972, is
502 amended as follows:

503 **[Through December 31, 2008, this section shall read as**
504 **follows:]**

505 25-15-3. For the purposes of this article, the words and
506 phrases used herein shall have the following meanings:

507 (a) "Employee" means a person who works full time for
508 the State of Mississippi and receives his compensation in a direct
509 payment from a department, agency or institution of the state
510 government and any person who works full time for any school
511 district, community/junior college, public library or
512 university-based program authorized under Section 37-23-31 for
513 deaf, aphasic and emotionally disturbed children or any regular
514 nonstudent bus driver. This shall include legislators, employees
515 of the legislative branch and the judicial branch of the state and
516 "employees" shall include full-time salaried judges and full-time
517 district attorneys and their staff and full-time compulsory school
518 attendance officers. For the purposes of this article, any

519 "employee" making contributions to the State of Mississippi
520 retirement plan shall be considered a full-time employee.

521 (b) "Department" means the Department of Finance and
522 Administration.

523 (c) "Plan" means the State and School Employees Life
524 and Health Insurance Plan created under this article.

525 (d) "Fund" means the State and School Employees
526 Insurance Fund set up under this article.

527 (e) "Retiree" means any employee retired under the
528 Mississippi retirement plan.

529 (f) "Board" means the State and School Employees Health
530 Insurance Management Board created under Section 25-15-303.

531 **[From and after January 1, 2008, this section shall read as**
532 **follows:]**

533 25-15-3. For the purposes of this article, the words and
534 phrases used in this section shall have the following meanings:

535 (a) "Employee" means a person who works full time for
536 the State of Mississippi and receives his compensation in a direct
537 payment from a department, agency or institution of the state
538 government, and any person who works full time for any school
539 district, community/junior college, public library,
540 university-based program authorized under Section 37-23-31 for
541 deaf, aphasic and emotionally disturbed children, or any regular
542 nonstudent bus driver. This term includes legislators, employees
543 of the legislative branch and the judicial branch of the state,
544 full-time salaried judges and full-time district attorneys and
545 their staff, and full-time compulsory school attendance officers.
546 For the purposes of this article, any "employee" making
547 contributions to the Public Employees' Retirement System or the
548 Highway Safety Patrol Retirement System shall be considered a
549 full-time employee.

550 (b) "Department" means the Department of Finance and
551 Administration.

552 (c) "Plan" means the State and School Employees Life
553 and Health Insurance Plan created under this article.

554 (d) "Fund" means the State and School Employees
555 Insurance Fund set up under this article.

556 (e) "Board" means the State and School Employees Health
557 Insurance Management Board created under Section 25-15-303.

558 **SECTION 6.** Section 25-15-9, Mississippi Code of 1972, is
559 amended as follows:

560 **[Through December 31, 2007, this section shall read as**
561 **follows:]**

562 25-15-9. (1) (a) The board shall design a plan of health
563 insurance for state employees which provides benefits for
564 semiprivate rooms in addition to other incidental coverages which
565 the board deems necessary. The amount of the coverages shall be
566 in such reasonable amount as may be determined by the board to be
567 adequate, after due consideration of current health costs in
568 Mississippi. The plan shall also include major medical benefits
569 in such amounts as the board shall determine. The board is also
570 authorized to accept bids for such alternate coverage and optional
571 benefits as the board shall deem proper. Any contract for
572 alternative coverage and optional benefits shall be awarded by the
573 board after it has carefully studied and evaluated the bids and
574 selected the best and most cost-effective bid. The board may
575 reject all such bids; however, the board shall notify all bidders
576 of the rejection and shall actively solicit new bids if all bids
577 are rejected. The board may employ or contract for such
578 consulting or actuarial services as may be necessary to formulate
579 the plan, and to assist the board in the preparation of
580 specifications and in the process of advertising for the bids for
581 the plan. Such contracts shall be solicited and entered into in
582 accordance with Section 25-15-5. The board shall keep a record of
583 all persons, agents and corporations who contract with or assist
584 the board in preparing and developing the plan. The board in a

585 timely manner shall provide copies of this record to the members
586 of the advisory council created in this section and those
587 legislators, or their designees, who may attend meetings of the
588 advisory council. The board shall provide copies of this record
589 in the solicitation of bids for the administration or servicing of
590 the self-insured program. Each person, agent or corporation
591 which, during the previous fiscal year, has assisted in the
592 development of the plan or employed or compensated any person who
593 assisted in the development of the plan, and which bids on the
594 administration or servicing of the plan, shall submit to the board
595 a statement accompanying the bid explaining in detail its
596 participation with the development of the plan. This statement
597 shall include the amount of compensation paid by the bidder to any
598 such employee during the previous fiscal year. The board shall
599 make all such information available to the members of the advisory
600 council and those legislators, or their designees, who may attend
601 meetings of the advisory council before any action is taken by the
602 board on the bids submitted. The failure of any bidder to fully
603 and accurately comply with this paragraph shall result in the
604 rejection of any bid submitted by that bidder or the cancellation
605 of any contract executed when the failure is discovered after the
606 acceptance of that bid. The board is authorized to promulgate
607 rules and regulations to implement the provisions of this
608 subsection.

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

612 Any corporation, association, company or individual that
613 contracts with the board for the third-party claims administration
614 of the self-insured plan shall prepare and keep on file an
615 explanation of benefits for each claim processed. The explanation
616 of benefits shall contain such information relative to each
617 processed claim which the board deems necessary, and, at a

618 minimum, each explanation shall provide the claimant's name, claim
619 number, provider number, provider name, service dates, type of
620 services, amount of charges, amount allowed to the claimant and
621 reason codes. The information contained in the explanation of
622 benefits shall be available for inspection upon request by the
623 board. The board shall have access to all claims information
624 utilized in the issuance of payments to employees and providers.

625 (b) There is created an advisory council to advise the
626 board in the formulation of the State and School Employees Health
627 Insurance Plan. The council shall be composed of the State
628 Insurance Commissioner or his designee, an employee-representative
629 of the institutions of higher learning appointed by the board of
630 trustees thereof, an employee-representative of the Department of
631 Transportation appointed by the director thereof, an
632 employee-representative of the State Tax Commission appointed by
633 the Commissioner of Revenue, an employee-representative of the
634 Mississippi Department of Health appointed by the State Health
635 Officer, an employee-representative of the Mississippi Department
636 of Corrections appointed by the Commissioner of Corrections, and
637 an employee-representative of the Department of Human Services
638 appointed by the Executive Director of Human Services, two (2)
639 certificated public school administrators appointed by the State
640 Board of Education, two (2) certificated classroom teachers
641 appointed by the State Board of Education, a noncertificated
642 school employee appointed by the State Board of Education and a
643 community/junior college employee appointed by the State Board for
644 Community and Junior Colleges.

645 The Lieutenant Governor may designate the Secretary of the
646 Senate, the Chairman of the Senate Appropriations Committee, the
647 Chairman of the Senate Education Committee and the Chairman of the
648 Senate Insurance Committee, and the Speaker of the House of
649 Representatives may designate the Clerk of the House, the Chairman
650 of the House Appropriations Committee, the Chairman of the House

651 Education Committee and the Chairman of the House Insurance
652 Committee, to attend any meeting of the State and School Employees
653 Insurance Advisory Council. The appointing authorities may
654 designate an alternate member from their respective houses to
655 serve when the regular designee is unable to attend such meetings
656 of the council. Such designees shall have no jurisdiction or vote
657 on any matter within the jurisdiction of the council. For
658 attending meetings of the council, such legislators shall receive
659 per diem and expenses which shall be paid from the contingent
660 expense funds of their respective houses in the same amounts as
661 provided for committee meetings when the Legislature is not in
662 session; however, no per diem and expenses for attending meetings
663 of the council will be paid while the Legislature is in session.
664 No per diem and expenses will be paid except for attending
665 meetings of the council without prior approval of the proper
666 committee in their respective houses.

667 (c) No change in the terms of the State and School
668 Employees Health Insurance Plan may be made effective unless the
669 board, or its designee, has provided notice to the State and
670 School Employees Health Insurance Advisory Council and has called
671 a meeting of the council at least fifteen (15) days before the
672 effective date of such change. In the event that the State and
673 School Employees Health Insurance Advisory Council does not meet
674 to advise the board on the proposed changes, the changes to the
675 plan shall become effective at such time as the board has informed
676 the council that the changes shall become effective.

677 (d) **Medical benefits for retired employees and**
678 **dependents under age sixty-five (65) years and not eligible for**
679 **Medicare benefits.** For employees who retire before July 1, 2005,
680 and for employees retiring due to work-related disability under
681 the Public Employees' Retirement System, the same health insurance
682 coverage as for all other active employees and their dependents
683 shall be available to retired employees and all dependents under

684 age sixty-five (65) years who are not eligible for Medicare
685 benefits, the level of benefits to be the same level as for all
686 other active participants. For employees who retire on or after
687 July 1, 2005, and not retiring due to work-related disability
688 under the Public Employees' Retirement System, the same health
689 insurance coverage as for all other active employees and their
690 dependents shall be available to such retiring employees and all
691 dependents under age sixty-five (65) years who are not eligible
692 for Medicare benefits only if the retiring employees were
693 participants in the State and School Employees Health Insurance
694 Plan for four (4) years or more before their retirement, the level
695 of benefits to be the same level as for all other active
696 participants. This section will apply to those employees who
697 retire due to one hundred percent (100%) medical disability as
698 well as those employees electing early retirement.

699 (e) **Medical benefits for retired employees and**
700 **dependents over age sixty-five (65) years or otherwise eligible**
701 **for Medicare benefits.** For employees who retire before July 1,
702 2005, and for employees retiring due to work-related disability
703 under the Public Employees' Retirement System, the health
704 insurance coverage available to retired employees over age
705 sixty-five (65) years or otherwise eligible for Medicare benefits,
706 and all dependents over age sixty-five (65) years or otherwise
707 eligible for Medicare benefits, shall be the major medical
708 coverage with the lifetime maximum of One Million Dollars
709 (\$1,000,000.00). For employees retiring on or after July 1, 2005,
710 and not retiring due to work-related disability under the Public
711 Employees' Retirement System, the health insurance coverage
712 described herein shall be available to such retiring employees
713 only if they were participants in the State and School Employees
714 Health Insurance Plan for four (4) years or more and are over age
715 sixty-five (65) years or otherwise eligible for Medicare benefits,
716 and to all dependents over age sixty-five (65) years or otherwise

717 eligible for Medicare benefits. Benefits shall be reduced by
718 Medicare benefits as though such Medicare benefits were the base
719 plan.

720 All covered individuals shall be assumed to have full
721 Medicare coverage, Parts A and B; and any Medicare payments under
722 both Parts A and B shall be computed to reduce benefits payable
723 under this plan.

724 (2) Nonduplication of benefits--reduction of benefits by
725 Title XIX benefits: When benefits would be payable under more
726 than one (1) group plan, benefits under those plans will be
727 coordinated to the extent that the total benefits under all plans
728 will not exceed the total expenses incurred.

729 Benefits for hospital or surgical or medical benefits shall
730 be reduced by any similar benefits payable in accordance with
731 Title XIX of the Social Security Act or under any amendments
732 thereto, or any implementing legislation.

733 Benefits for hospital or surgical or medical benefits shall
734 be reduced by any similar benefits payable by workers'
735 compensation.

736 (3) (a) Schedule of life insurance benefits--group term:
737 The amount of term life insurance for each active employee of a
738 department, agency or institution of the state government shall
739 not be in excess of One Hundred Thousand Dollars (\$100,000.00), or
740 twice the amount of the employee's annual wage to the next highest
741 One Thousand Dollars (\$1,000.00), whichever may be less, but in no
742 case less than Thirty Thousand Dollars (\$30,000.00), with a like
743 amount for accidental death and dismemberment on a
744 twenty-four-hour basis. The plan will further contain a premium
745 waiver provision if a covered employee becomes totally and
746 permanently disabled prior to age sixty-five (65) years.
747 Employees retiring after June 30, 1999, shall be eligible to
748 continue life insurance coverage in an amount of Five Thousand

749 Dollars (\$5,000.00), Ten Thousand Dollars (\$10,000.00) or Twenty
750 Thousand Dollars (\$20,000.00) into retirement.

751 (b) Effective October 1, 1999, schedule of life
752 insurance benefits--group term: The amount of term life insurance
753 for each active employee of any school district, community/junior
754 college, public library or university-based program authorized
755 under Section 37-23-31 for deaf, aphasic and emotionally disturbed
756 children or any regular nonstudent bus driver shall not be in
757 excess of One Hundred Thousand Dollars (\$100,000.00), or twice the
758 amount of the employee's annual wage to the next highest One
759 Thousand Dollars (\$1,000.00), whichever may be less, but in no
760 case less than Thirty Thousand Dollars (\$30,000.00), with a like
761 amount for accidental death and dismemberment on a
762 twenty-four-hour basis. The plan will further contain a premium
763 waiver provision if a covered employee of any school district,
764 community/junior college, public library or university-based
765 program authorized under Section 37-23-31 for deaf, aphasic and
766 emotionally disturbed children or any regular nonstudent bus
767 driver becomes totally and permanently disabled prior to age
768 sixty-five (65) years. Employees of any school district,
769 community/junior college, public library or university-based
770 program authorized under Section 37-23-31 for deaf, aphasic and
771 emotionally disturbed children or any regular nonstudent bus
772 driver retiring after September 30, 1999, shall be eligible to
773 continue life insurance coverage in an amount of Five Thousand
774 Dollars (\$5,000.00), Ten Thousand Dollars (\$10,000.00) or Twenty
775 Thousand Dollars (\$20,000.00) into retirement.

776 (4) Any eligible employee who on March 1, 1971, was
777 participating in a group life insurance program which has
778 provisions different from those included herein and for which the
779 State of Mississippi was paying a part of the premium may, at his
780 discretion, continue to participate in such plan. Such employee
781 shall pay in full all additional costs, if any, above the minimum

782 program established by this article. Under no circumstances shall
783 any individual who begins employment with the state after March 1,
784 1971, be eligible for the provisions of this subsection.

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

787 (6) Any premium differentials, differences in coverages,
788 discounts determined by risk or by any other factors shall be
789 uniformly applied to all active employees participating in the
790 insurance plan. It is the intent of the Legislature that the
791 state contribution to the plan be the same for each employee
792 throughout the state.

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

815 company group plan to be approved by the State and School
816 Employees Health Insurance Management Board under this subsection
817 (7), it shall meet the following criteria:

818 (a) The insurance company offering the group life
819 insurance plan shall be rated "A-" or better by A.M. Best state
820 insurance rating service and be licensed as an admitted carrier in
821 the State of Mississippi by the Mississippi Department of
822 Insurance.

823 (b) The insurance company group life insurance plan
824 shall provide the same life insurance, accidental death and
825 dismemberment insurance and waiver of premium benefits as provided
826 in the State and School Life Insurance Plan.

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

830 (d) The insurance company group life insurance plan
831 shall have one (1) composite rate per One Thousand Dollars
832 (\$1,000.00) of coverage for active employees regardless of age and
833 one (1) composite rate per One Thousand Dollars (\$1,000.00) of
834 coverage for all retirees regardless of age or type of retiree.

835 (e) The insurance company and its group life insurance
836 plan shall comply with any administrative requirements of the
837 State and School Employees Health Insurance Management Board. In
838 the event any insurance company providing group life insurance
839 benefits to employees under this subsection (7) fails to comply
840 with any requirements specified herein or any administrative
841 requirements of the board, the state shall discontinue providing
842 funding for the cost of such insurance.

843 **[From and after January 1, 2008, this section shall read as**
844 **follows:]**

845 25-15-9. (1) (a) The board shall design a plan of health
846 insurance for state employees that provides benefits for
847 semiprivate rooms in addition to other incidental coverages that

848 the board deems necessary. The amount of the coverages shall be
849 in such reasonable amount as may be determined by the board to be
850 adequate, after due consideration of current health costs in
851 Mississippi. The plan shall also include major medical benefits
852 in such amounts as the board shall determine. The board is also
853 authorized to accept bids for such alternate coverage and optional
854 benefits as the board deems proper. Any contract for alternative
855 coverage and optional benefits shall be awarded by the board after
856 it has carefully studied and evaluated the bids and selected the
857 best and most cost-effective bid. The board may reject all such
858 bids; however, the board shall notify all bidders of the rejection
859 and shall actively solicit new bids if all bids are rejected. The
860 board may employ or contract for such consulting or actuarial
861 services as may be necessary to formulate the plan, and to assist
862 the board in the preparation of specifications and in the process
863 of advertising for the bids for the plan. Those contracts shall
864 be solicited and entered into in accordance with Section 25-15-5.
865 The board shall keep a record of all persons, agents and
866 corporations who contract with or assist the board in preparing
867 and developing the plan. The board in a timely manner shall
868 provide copies of this record to the members of the advisory
869 council created in this section and those legislators, or their
870 designees, who may attend meetings of the advisory council. The
871 board shall provide copies of this record in the solicitation of
872 bids for the administration or servicing of the self-insured
873 program. Each person, agent or corporation that, during the
874 previous fiscal year, has assisted in the development of the plan
875 or employed or compensated any person who assisted in the
876 development of the plan, and that bids on the administration or
877 servicing of the plan, shall submit to the board a statement
878 accompanying the bid explaining in detail its participation with
879 the development of the plan. This statement shall include the
880 amount of compensation paid by the bidder to any such employee

881 during the previous fiscal year. The board shall make all such
882 information available to the members of the advisory council and
883 those legislators, or their designees, who may attend meetings of
884 the advisory council before any action is taken by the board on
885 the bids submitted. The failure of any bidder to fully and
886 accurately comply with this paragraph shall result in the
887 rejection of any bid submitted by that bidder or the cancellation
888 of any contract executed when the failure is discovered after the
889 acceptance of that bid. The board is authorized to promulgate
890 rules and regulations to implement the provisions of this
891 subsection.

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

895 Any corporation, association, company or individual that
896 contracts with the board for the third-party claims administration
897 of the self-insured plan shall prepare and keep on file an
898 explanation of benefits for each claim processed. The explanation
899 of benefits shall contain such information relative to each
900 processed claim which the board deems necessary, and, at a
901 minimum, each explanation shall provide the claimant's name, claim
902 number, provider number, provider name, service dates, type of
903 services, amount of charges, amount allowed to the claimant and
904 reason codes. The information contained in the explanation of
905 benefits shall be available for inspection upon request by the
906 board. The board shall have access to all claims information
907 utilized in the issuance of payments to employees and providers.

908 (b) There is created an advisory council to advise the
909 board in the formulation of the State and School Employees Health
910 Insurance Plan. The council shall be composed of the State
911 Insurance Commissioner or his designee, an employee-representative
912 of the state institutions of higher learning appointed by the
913 board of trustees thereof, an employee-representative of the

914 Mississippi Department of Transportation appointed by the director
915 thereof, an employee-representative of the State Tax Commission
916 appointed by the Commissioner of Revenue, an
917 employee-representative of the State Department of Health
918 appointed by the State Health Officer, an employee-representative
919 of the Mississippi Department of Corrections appointed by the
920 Commissioner of Corrections, and an employee-representative of the
921 Mississippi Department of Human Services appointed by the
922 Executive Director of Human Services, two (2) certificated public
923 school administrators appointed by the State Board of Education,
924 two (2) certificated classroom teachers appointed by the State
925 Board of Education, a noncertificated school employee appointed by
926 the State Board of Education and a community/junior college
927 employee appointed by the State Board for Community and Junior
928 Colleges.

929 The Lieutenant Governor may designate the Secretary of the
930 Senate, the Chairman of the Senate Appropriations Committee, the
931 Chairman of the Senate Education Committee and the Chairman of the
932 Senate Insurance Committee, and the Speaker of the House of
933 Representatives may designate the Clerk of the House, the Chairman
934 of the House Appropriations Committee, the Chairman of the House
935 Education Committee and the Chairman of the House Insurance
936 Committee, to attend any meeting of the State and School Employees
937 Insurance Advisory Council. The appointing authorities may
938 designate an alternate member from their respective houses to
939 serve when the regular designee is unable to attend such meetings
940 of the council. Those designees shall have no jurisdiction or
941 vote on any matter within the jurisdiction of the council. For
942 attending meetings of the council, those legislators shall receive
943 per diem and expenses, which shall be paid from the contingent
944 expense funds of their respective houses in the same amounts as
945 provided for committee meetings when the Legislature is not in
946 session; however, no per diem and expenses for attending meetings

947 of the council will be paid while the Legislature is in session.
948 No per diem and expenses will be paid except for attending
949 meetings of the council without prior approval of the proper
950 committee in their respective houses.

951 (c) No change in the terms of the State and School
952 Employees Health Insurance Plan may be made effective unless the
953 board, or its designee, has provided notice to the State and
954 School Employees Health Insurance Advisory Council and has called
955 a meeting of the council at least fifteen (15) days before the
956 effective date of the change. If the State and School Employees
957 Health Insurance Advisory Council does not meet to advise the
958 board on the proposed changes, the changes to the plan will become
959 effective at such time as the board has informed the council that
960 the changes will become effective.

961 (2) Nonduplication of benefits--reduction of benefits by
962 Title XIX benefits: When benefits would be payable under more
963 than one (1) group plan, benefits under those plans will be
964 coordinated to the extent that the total benefits under all plans
965 will not exceed the total expenses incurred.

966 Benefits for hospital or surgical or medical benefits shall
967 be reduced by any similar benefits payable in accordance with
968 Title XIX of the Social Security Act or under any amendments
969 thereto, or any implementing legislation.

970 Benefits for hospital or surgical or medical benefits shall
971 be reduced by any similar benefits payable by workers'
972 compensation.

973 (3) (a) Schedule of life insurance benefits--group term:
974 The amount of term life insurance for each active employee of a
975 department, agency or institution of the state government shall
976 not be in excess of One Hundred Thousand Dollars (\$100,000.00), or
977 twice the amount of the employee's annual wage to the next highest
978 One Thousand Dollars (\$1,000.00), whichever may be less, but in no
979 case less than Thirty Thousand Dollars (\$30,000.00), with a like

980 amount for accidental death and dismemberment on a
981 twenty-four-hour basis.

982 (b) Effective October 1, 1999, schedule of life
983 insurance benefits--group term: The amount of term life insurance
984 for each active employee of any school district, community/junior
985 college, public library, university-based program authorized under
986 Section 37-23-31 for deaf, aphasic and emotionally disturbed
987 children, or any regular nonstudent bus driver shall not be in
988 excess of One Hundred Thousand Dollars (\$100,000.00), or twice the
989 amount of the employee's annual wage to the next highest One
990 Thousand Dollars (\$1,000.00), whichever may be less, but in no
991 case less than Thirty Thousand Dollars (\$30,000.00), with a like
992 amount for accidental death and dismemberment on a
993 twenty-four-hour basis. The plan will further contain a premium
994 waiver provision if a covered employee of any school district,
995 community/junior college, public library, university-based program
996 authorized under Section 37-23-31 for deaf, aphasic and
997 emotionally disturbed children, or any regular nonstudent bus
998 driver becomes totally and permanently disabled before age
999 sixty-five (65) years.

1000 (4) Any eligible employee who on March 1, 1971, was
1001 participating in a group life insurance program that has
1002 provisions different from those included in this section and for
1003 which the State of Mississippi was paying a part of the premium
1004 may, at his discretion, continue to participate in that plan. The
1005 employee shall pay in full all additional costs, if any, above the
1006 minimum program established by this article. Under no
1007 circumstances shall any individual who begins employment with the
1008 state after March 1, 1971, be eligible for the provisions of this
1009 subsection.

1010 (5) The board may offer medical savings accounts as defined
1011 in Section 71-9-3 as a plan option.

1012 (6) Any premium differentials, differences in coverages,
1013 discounts determined by risk or by any other factors shall be
1014 uniformly applied to all active employees participating in the
1015 insurance plan. It is the intent of the Legislature that the
1016 state contribution to the plan be the same for each employee
1017 throughout the state.

1018 (7) On October 1, 1999, any school district,
1019 community/junior college district or public library may elect to
1020 remain with an existing policy or policies of group life insurance
1021 with an insurance company approved by the State and School
1022 Employees Health Insurance Management Board, in lieu of
1023 participation in the State and School Life Insurance Plan. On or
1024 after July 1, 2004, until October 1, 2004, any school district,
1025 community/junior college district or public library may elect to
1026 choose a policy or policies of group life insurance existing on
1027 October 1, 1999, with an insurance company approved by the State
1028 and School Employees Health Insurance Management Board in lieu of
1029 participation in the State and School Life Insurance Plan. The
1030 state's contribution of up to fifty percent (50%) of the active
1031 employee's premium under the State and School Life Insurance Plan
1032 may be applied toward the cost of coverage for full-time employees
1033 participating in the approved life insurance company group plan.
1034 For purposes of this subsection (7), "life insurance company group
1035 plan" means a plan administered or sold by a private insurance
1036 company. After October 1, 1999, the board may assess charges in
1037 addition to the existing State and School Life Insurance Plan
1038 rates to those employees as a condition of enrollment in the State
1039 and School Life Insurance Plan. In order for any life insurance
1040 company group plan to be approved by the State and School
1041 Employees Health Insurance Management Board under this subsection
1042 (7), it shall meet the following criteria:

1043 (a) The insurance company offering the group life
1044 insurance plan shall be rated "A-" or better by A.M. Best state

1045 insurance rating service and be licensed as an admitted carrier in
1046 the State of Mississippi by the Mississippi Department of
1047 Insurance.

1048 (b) The insurance company group life insurance plan
1049 shall provide the same life insurance, accidental death and
1050 dismemberment insurance and waiver of premium benefits as provided
1051 in the State and School Life Insurance Plan.

1052 (c) The insurance company group life insurance plan
1053 shall be fully insured, and no form of self-funding life insurance
1054 by such company shall be approved.

1055 (d) The insurance company group life insurance plan
1056 shall have one (1) composite rate per One Thousand Dollars
1057 (\$1,000.00) of coverage for active employees regardless of age.

1058 (e) The insurance company and its group life insurance
1059 plan shall comply with any administrative requirements of the
1060 State and School Employees Health Insurance Management Board. If
1061 any insurance company providing group life insurance benefits to
1062 employees under this subsection (7) fails to comply with any
1063 requirements specified in this subsection or any administrative
1064 requirements of the board, the state shall discontinue providing
1065 funding for the cost of that insurance.

1066 **SECTION 7.** Section 25-15-11, Mississippi Code of 1972, is
1067 amended as follows:

1068 **[Through December 31, 2007, this section shall read as**
1069 **follows:]**

1070 25-15-11. (1) The board is authorized to execute a contract
1071 or contracts to provide the benefits under the plan. Such
1072 contract or contracts may be executed with one or more
1073 corporations or associations licensed to transact life and
1074 accident and health insurance business in this state; however, no
1075 such contract shall be executed with any corporation, association
1076 or company domiciled in any other state except that such
1077 corporation, association or company shall meet the conditions and

1078 terms for a like contract established by the state of the domicile
1079 of such corporation, association or company for a Mississippi
1080 corporation, association or company. No corporation, association
1081 or company with less than five (5) years' experience in the life
1082 and health field may bid. All of the benefits to be provided
1083 under the plan may be included in one or more similar contracts,
1084 or the benefits may be classified into different types with each
1085 type included under one or more similar contracts issued by the
1086 same or different companies.

1087 The board shall supply the statistical information upon which
1088 a quotation is to be calculated, upon request, to all carriers
1089 licensed in the state. Bids may be accepted at the discretion of
1090 the board, and the board shall have the right to adjust rates on
1091 an annual basis if the board shall deem such adjustment necessary.
1092 The plan for active employees shall be on retention accounting
1093 basis, and a separate retention accounting basis shall be used for
1094 retired employees. Any additional written information the carrier
1095 wishes to submit, supporting the proposed benefits and premium
1096 rate, may accompany the proposal. After receiving the proposals,
1097 the board shall determine whether to contract with the carrier
1098 which has been determined to have submitted the lowest and best
1099 bid, or to reject all such bids and receive new proposals.

1100 The board shall authorize any corporation licensed to
1101 transact accident and health insurance business in this state
1102 issuing any such contract to reinsure portions of such contract
1103 with any other such corporation which elected to be a reinsurer
1104 and is legally competent to enter into a reinsurance agreement.
1105 The board may designate one or more of such corporations as the
1106 administering corporation or corporations. Each employee who is
1107 covered under any such contract or contracts shall receive a
1108 certificate setting forth the benefits to which the employee is
1109 entitled thereunder, to whom such benefits shall be payable, to
1110 whom claims should be submitted, and summarizing the provisions of

1111 the contract principally affecting the employee. Such certificate
1112 shall be in lieu of the certificate which the corporation or
1113 corporations issuing such contract or contracts would otherwise
1114 issue.

1115 The board may, as of the end of any contract year,
1116 discontinue any contract or contracts it has executed with any
1117 corporation or corporations and replace it or them with a contract
1118 or contracts in any other corporation or corporations meeting the
1119 requirements of this section.

1120 The board may reject any and all bids and contracts under
1121 this section and may elect for the state to become a self-insurer;
1122 however, administration and service of any such self-insured
1123 program may be contracted to a third party by the board.

1124 Any contract with a third party to administer the plan shall
1125 be bid and entered into in accordance with the procedures provided
1126 in Section 25-15-301.

1127 (2) By September 30 of each year, the board shall report to
1128 the Joint Legislative Budget Committee, Senate Insurance
1129 Committee, House Insurance Committee, Senate Education Committee,
1130 House Education Committee and Joint Legislative Committee on
1131 Performance Evaluation and Expenditure Review the condition of the
1132 State and School Employees Life and Health Insurance Plan. Such
1133 report shall contain for the most recently completed fiscal year,
1134 but not be limited to, the following:

1135 (a) The plan's financial condition at the close of the
1136 fiscal year.

1137 (b) The history of yearly claims paid and premiums
1138 received for each premium class, including, but not limited to,
1139 active employees, dependents and retirees.

1140 (c) The history of loss ratios for the active
1141 employees, dependents and retirees premium classes as well as
1142 historical trend of such ratios. For the purposes of this
1143 section, the term "loss ratios" means claims paid by the plan for

1144 each premium class divided by premiums received by the plan for
1145 insurance coverage of the members in that premium class.

1146 (d) Budgetary information, including:

1147 (i) A detailed breakdown of all expenditures of
1148 the plan, administrative and otherwise, for the most recently
1149 completed fiscal year and projected expenditures, administrative
1150 and otherwise, for the current and next fiscal year;

1151 (ii) A schedule of all contracts, administrative
1152 and otherwise, executed for the benefit of the plan during the
1153 most recent completed fiscal year and those executed and
1154 anticipated for the current fiscal year; and

1155 (iii) A description of the processes used by the
1156 board to procure all contracts, administrative and otherwise, as
1157 well as a description of the scope of services to be provided by
1158 each contractor.

1159 Budgetary information shall be provided in a format
1160 designated by the Joint Legislative Budget Committee.

1161 The Joint Legislative Budget Committee, Senate Insurance
1162 Committee, House Insurance Committee, Senate Education Committee,
1163 House Education Committee and Joint Legislative Committee on
1164 Performance Evaluation and Expenditure Review may request
1165 additional information or reports from the board on an as-needed
1166 basis.

1167 (3) Annually, the board shall request, and the Department of
1168 Audit shall conduct, a comprehensive audit of the State and School
1169 Employees Life and Health Insurance Plan. For purposes of this
1170 section, the audit required herein shall be separate and distinct
1171 from any audit prepared in conjunction with the development of the
1172 Comprehensive Annual Financial Report (CAFR).

1173 **[From and after January 1, 2008, this section shall read as**
1174 **follows:]**

1175 25-15-11. (1) The board is authorized to execute a contract
1176 or contracts to provide the benefits under the plan. That

1177 contract or contracts may be executed with one or more
1178 corporations or associations licensed to transact life and
1179 accident and health insurance business in this state; however, no
1180 such contract shall be executed with any corporation, association
1181 or company domiciled in any other state unless the corporation,
1182 association or company meets the conditions and terms for a like
1183 contract established by the state of the domicile of the
1184 corporation, association or company for a Mississippi corporation,
1185 association or company. No corporation, association or company
1186 with less than five (5) years' experience in the life and health
1187 field may bid. All of the benefits to be provided under the plan
1188 may be included in one or more similar contracts, or the benefits
1189 may be classified into different types with each type included
1190 under one or more similar contracts issued by the same or
1191 different companies.

1192 The board shall supply the statistical information upon which
1193 a quotation is to be calculated, upon request, to all carriers
1194 licensed in the state. Bids may be accepted at the discretion of
1195 the board, and the board shall have the right to adjust rates on
1196 an annual basis if the board deems the adjustment necessary. The
1197 plan for active employees shall be on retention accounting basis.
1198 Any additional written information the carrier wishes to submit,
1199 supporting the proposed benefits and premium rate, may accompany
1200 the proposal. After receiving the proposals, the board shall
1201 determine whether to contract with the carrier that has been
1202 determined to have submitted the lowest and best bid, or to reject
1203 all the bids and receive new proposals.

1204 The board shall authorize any corporation licensed to
1205 transact accident and health insurance business in this state
1206 issuing any such contract to reinsure portions of the contract
1207 with any other such corporation that elected to be a reinsurer and
1208 is legally competent to enter into a reinsurance agreement. The
1209 board may designate one or more of those corporations as the

1210 administering corporation or corporations. Each employee who is
1211 covered under any such contract or contracts shall receive a
1212 certificate setting forth the benefits to which the employee is
1213 entitled under the contracts, to whom the benefits will be
1214 payable, to whom claims should be submitted, and summarizing the
1215 provisions of the contract principally affecting the employee.
1216 The certificate shall be in lieu of the certificate that the
1217 corporation or corporations issuing the contract or contracts
1218 would otherwise issue.

1219 The board may, as of the end of any contract year,
1220 discontinue any contract or contracts it has executed with any
1221 corporation or corporations and replace it or them with a contract
1222 or contracts in any other corporation or corporations meeting the
1223 requirements of this section.

1224 The board may reject any and all bids and contracts under
1225 this section and may elect for the state to become a self-insurer;
1226 however, administration and service of any such self-insured
1227 program may be contracted to a third party by the board.

1228 Any contract with a third party to administer the plan shall
1229 be bid and entered into in accordance with the procedures provided
1230 in Section 25-15-301.

1231 (2) By September 30 of each year, the board shall report to
1232 the Joint Legislative Budget Committee, Senate Insurance
1233 Committee, House Insurance Committee, Senate Education Committee,
1234 House Education Committee and Joint Legislative Committee on
1235 Performance Evaluation and Expenditure Review the condition of the
1236 State and School Employees Life and Health Insurance Plan. The
1237 report shall contain for the most recently completed fiscal year,
1238 but not be limited to, the following:

1239 (a) The plan's financial condition at the close of the
1240 fiscal year.

1241 (b) The history of yearly claims paid and premiums
1242 received for each premium class, including, but not limited to,
1243 active employees and dependents.

1244 (c) The history of loss ratios for the active employees
1245 and dependents premium classes as well as historical trend of the
1246 ratios. For the purposes of this section, the term "loss ratios"
1247 means claims paid by the plan for each premium class divided by
1248 premiums received by the plan for insurance coverage of the
1249 members in that premium class.

1250 (d) Budgetary information, including:

1251 (i) A detailed breakdown of all expenditures of
1252 the plan, administrative and otherwise, for the most recently
1253 completed fiscal year and projected expenditures, administrative
1254 and otherwise, for the current and next fiscal year;

1255 (ii) A schedule of all contracts, administrative
1256 and otherwise, executed for the benefit of the plan during the
1257 most recent completed fiscal year and those executed and
1258 anticipated for the current fiscal year; and

1259 (iii) A description of the processes used by the
1260 board to procure all contracts, administrative and otherwise, as
1261 well as a description of the scope of services to be provided by
1262 each contractor.

1263 Budgetary information shall be provided in a format
1264 designated by the Joint Legislative Budget Committee.

1265 The Joint Legislative Budget Committee, Senate Insurance
1266 Committee, House Insurance Committee, Senate Education Committee,
1267 House Education Committee and Joint Legislative Committee on
1268 Performance Evaluation and Expenditure Review may request
1269 additional information or reports from the board on an as-needed
1270 basis.

1271 (3) Annually, the board shall request, and the Department of
1272 Audit shall conduct, a comprehensive audit of the State and School
1273 Employees Life and Health Insurance Plan. For purposes of this

1274 section, the audit required herein shall be separate and distinct
1275 from any audit prepared in conjunction with the development of the
1276 Comprehensive Annual Financial Report (CAFR).

1277 **SECTION 8.** Section 25-15-14, Mississippi Code of 1972, is
1278 amended as follows:

1279 **[Through December 31, 2007, this section shall read as**
1280 **follows:]**

1281 25-15-14. Any elected state or district official who does
1282 not run for reelection or who is defeated before being entitled to
1283 receive a retirement allowance shall be eligible to continue to
1284 participate in the State and School Employees Health Insurance
1285 Plan under the same conditions and coverages for retired
1286 employees.

1287 **[From and after January 1, 2008, this section shall read as**
1288 **follows:]**

1289 25-15-14. Any elected state or district official who does
1290 not run for reelection or who is defeated before being entitled to
1291 receive a retirement allowance shall be eligible to continue to
1292 participate in the State and School Employees Health Insurance
1293 Plan and shall be required to pay the cost of the coverage.

1294 **SECTION 9.** Section 25-15-15, Mississippi Code of 1972, is
1295 amended as follows:

1296 **[Through December 31, 2007, this section shall read as**
1297 **follows:]**

1298 25-15-15. (1) The board is authorized to determine the
1299 manner in which premiums and contributions by the state agencies,
1300 local school districts, colleges, universities, community/junior
1301 colleges and public libraries shall be collected to provide the
1302 self-insured health insurance program for employees as provided
1303 under this article. The state shall provide fifty percent (50%)
1304 of the cost of the above life insurance plan for all active
1305 full-time employees. The state shall provide one hundred percent
1306 (100%) of the cost of the health insurance plan for active

1307 full-time employees initially employed before January 1, 2006.
1308 For active full-time employees initially employed on or after
1309 January 1, 2006, the state shall provide one hundred percent
1310 (100%) of the cost of a basic level of health insurance and the
1311 employees may pay additional amounts to purchase additional
1312 benefits or levels of coverage offered under the plan. All active
1313 full-time employees shall be given the opportunity to purchase
1314 coverage for their eligible dependents with the premiums for such
1315 dependent coverage, as well as the employee's fifty percent (50%)
1316 share for his life insurance coverage, to be deductible from the
1317 employee's salary by the agency, department or institution head,
1318 which deductions, together with the fifty percent (50%) share of
1319 such life insurance premiums of such employing agency, department
1320 or institution head from funds appropriated to or authorized to be
1321 expended by the employing agency, department or institution head,
1322 shall be deposited directly into a depository bank or special fund
1323 in the State Treasury, as determined by the board. These funds
1324 and interest earned on these funds may be used for the
1325 disbursement of claims and shall be exempt from the appropriation
1326 process.

1327 (2) The state shall provide annually, by line item in the
1328 Mississippi Library Commission appropriation bill, such funds to
1329 pay one hundred percent (100%) of the cost of health insurance
1330 under the State and School Employees Health Insurance Plan for
1331 full-time library staff members in each public library in
1332 Mississippi initially employed before January 1, 2006. For
1333 full-time library staff members initially employed on or after
1334 January 1, 2006, the state shall provide one hundred percent
1335 (100%) of the cost of a basic level of health insurance under the
1336 State and School Employees Health Insurance Plan and the employees
1337 may pay additional amounts to purchase additional benefits or
1338 levels of coverage offered under the plan. The commission shall
1339 allot to each public library a sufficient amount of those funds

1340 appropriated to pay the costs of insurance for eligible employees.
1341 Any funds so appropriated by line item which are not expended
1342 during the fiscal year for which such funds were appropriated
1343 shall be carried forward for the same purposes during the next
1344 succeeding fiscal year. If any premiums for the health insurance
1345 and/or late charges and interest penalties are not paid by a
1346 public library in a timely manner, as defined by the board, the
1347 Mississippi Library Commission, upon notice by the board, shall
1348 immediately withhold all subsequent disbursements of funds to that
1349 public library.

1350 (3) The state shall annually provide one hundred percent
1351 (100%) of the cost of the health insurance plan for public school
1352 district employees who work no less than twenty (20) hours during
1353 each week and regular nonstudent school bus drivers, if such
1354 employees and school bus drivers were initially employed before
1355 January 1, 2006. For such employees and school bus drivers
1356 initially employed on or after January 1, 2006, the state shall
1357 provide one hundred percent (100%) of the cost of a basic level of
1358 health insurance under the State and School Employees Health
1359 Insurance Plan and the employees may pay additional amounts to
1360 purchase additional benefits or levels of coverage offered under
1361 the plan. Where federal funding is allowable to defray, in full
1362 or in part, the cost of participation in the program by district
1363 employees who work no less than twenty (20) hours during the week
1364 and regular nonstudent bus drivers, whose salaries are paid, in
1365 full or in part, by federal funds, the allowance under this
1366 section shall be reduced to the extent of such federal funding.
1367 Where the use of federal funds is allowable but not available, it
1368 is the intent of the Legislature that school districts contribute
1369 the cost of participation for such employees from local funds,
1370 except that parent fees for child nutrition programs shall not be
1371 increased to cover such cost.

1372 (4) The state shall provide annually, by line item in the
1373 community/junior college appropriation bill, such funds to pay one
1374 hundred percent (100%) of the cost of the health insurance plan
1375 for community/junior college district employees initially employed
1376 before January 1, 2006, who work no less than twenty (20) hours
1377 during each week. For such employees initially employed on or
1378 after January 1, 2006, the state shall provide one hundred percent
1379 (100%) of the cost of a basic level of health insurance under the
1380 State and School Employees Health Insurance Plan and the employees
1381 may pay additional amounts to purchase additional benefits or
1382 levels of coverage offered under the plan.

1383 (5) When the use of federal funding is allowable to defray,
1384 in full or in part, the cost of participation in the insurance
1385 plan by community/junior college district employees who work no
1386 less than twenty (20) hours during each week, whose salaries are
1387 paid, in full or in part, by federal funds, the allowance under
1388 this section shall be reduced to the extent of the federal
1389 funding. Where the use of federal funds is allowable but not
1390 available, it is the intent of the Legislature that
1391 community/junior college districts contribute the cost of
1392 participation for such employees from local funds.

1393 (6) Any community/junior college district may contribute to
1394 the cost of coverage for any district employee from local
1395 community/junior college district funds, and any public school
1396 district may contribute to the cost of coverage for any district
1397 employee from nonminimum program funds. Any part of the cost of
1398 such coverage for participating employees of public school
1399 districts and public community/junior college districts that is
1400 not paid by the state shall be paid by the participating
1401 employees, which shall be deducted from the salaries of the
1402 employees in a manner determined by the board.

1403 (7) Any funds appropriated for the cost of insurance by line
1404 item in the community/junior colleges appropriation bill which are

1405 not expended during the fiscal year for which such funds were
1406 appropriated shall be carried forward for the same purposes during
1407 the next succeeding fiscal year.

1408 (8) The board may establish and enforce late charges and
1409 interest penalties or other penalties for the purpose of requiring
1410 the prompt payment of all premiums for life and health insurance
1411 permitted under Chapter 15 of Title 25. All funds in excess of
1412 the amount needed for disbursement of claims shall be deposited in
1413 a special fund in the State Treasury to be known as the State and
1414 School Employees Insurance Fund. The State Treasurer shall invest
1415 all funds in the State and School Employees Insurance Fund and all
1416 interest earned shall be credited to the State and School
1417 Employees Insurance Fund. Such funds shall be placed with one or
1418 more depositories of the state and invested on the first day such
1419 funds are available for investment in certificates of deposit,
1420 repurchase agreements or in United States Treasury bills or as
1421 otherwise authorized by law for the investment of Public
1422 Employees' Retirement System funds, as long as such investment is
1423 made from competitive offering and at the highest and best market
1424 rate obtainable consistent with any available investment
1425 alternatives; however, such investments shall not be made in
1426 shares of stock, common or preferred, or in any other investments
1427 which would mature more than one (1) year from the date of
1428 investment. The board shall have the authority to draw from this
1429 fund periodically such funds as are necessary to operate the
1430 self-insurance plan or to pay to the insurance carrier the cost of
1431 operation of this plan, it being the purpose to limit the amount
1432 of participation by the state to fifty percent (50%) of the cost
1433 of the life insurance program and not to limit the contracting for
1434 additional benefits where the cost will be paid in full by the
1435 employee. The state shall not share in the cost of coverage for
1436 retired employees.

1437 (9) The board shall also provide for the creation of an
1438 Insurance Reserve Fund and funds therein shall be invested by the
1439 State Treasurer with all interest earned credited to the State and
1440 School Employees Insurance Fund.

1441 (10) Any retired employee electing to purchase retired life
1442 and health insurance will have the full cost of such insurance
1443 deducted monthly from his State of Mississippi retirement plan
1444 check or direct billed for the cost of the premium if the
1445 retirement check is insufficient to pay for the premium. If the
1446 board determines actuarially that the premium paid by the
1447 participating retirees adversely affects the overall cost of the
1448 plan to the state, then the board may impose a premium surcharge,
1449 not to exceed fifteen percent (15%), upon such participating
1450 retired employees who are under the age for Medicare eligibility
1451 and who were initially employed before January 1, 2006. For
1452 participating retired employees who are under the age for Medicare
1453 eligibility and who were initially employed on or after January 1,
1454 2006, the board may impose a premium surcharge in an amount the
1455 board determines actuarially to cover the full cost of insurance.

1456 **[From and after December 31, 2008, this section shall read as**
1457 **follows:]**

1458 25-15-15. (1) The board may determine the manner in which
1459 premiums and contributions by the state agencies, local school
1460 districts, colleges, universities, community/junior colleges and
1461 public libraries will be collected to provide the self-insured
1462 health insurance program for employees as provided under this
1463 article. The state shall provide fifty percent (50%) of the cost
1464 of the above life insurance plan for all active full-time
1465 employees. The state shall provide one hundred percent (100%) of
1466 the cost of the health insurance plan for active full-time
1467 employees initially employed before January 1, 2006. For active
1468 full-time employees initially employed on or after January 1,
1469 2006, the state shall provide one hundred percent (100%) of the

1470 cost of a basic level of health insurance and the employees may
1471 pay additional amounts to purchase additional benefits or levels
1472 of coverage offered under the plan. All active full-time
1473 employees shall be given the opportunity to purchase coverage for
1474 their eligible dependents with the premiums for the dependent
1475 coverage, as well as the employee's fifty percent (50%) share for
1476 his life insurance coverage, to be deductible from the employee's
1477 salary by the agency, department or institution head. Those
1478 deductions, together with the fifty percent (50%) share of the
1479 life insurance premiums of the employing agency, department or
1480 institution head from funds appropriated to or authorized to be
1481 expended by the employing agency, department or institution head,
1482 shall be deposited directly into a depository bank or special fund
1483 in the State Treasury, as determined by the board. These funds
1484 and interest earned on these funds may be used for the
1485 disbursement of claims and shall be exempt from the appropriation
1486 process.

1487 (2) The state shall provide annually, by line item in the
1488 Mississippi Library Commission appropriation bill, the funds to
1489 pay one hundred percent (100%) of the cost of health insurance
1490 under the State and School Employees Health Insurance Plan for all
1491 full-time library staff members in each public library in
1492 Mississippi initially employed before January 1, 2006. For
1493 full-time library staff members initially employed on or after
1494 January 1, 2006, the state shall provide one hundred percent
1495 (100%) of the cost of a basic level of health insurance under the
1496 State and School Employees Health Insurance Plan and the employees
1497 may pay additional amounts to purchase additional benefits or
1498 levels of coverage offered under the plan. The commission shall
1499 allot to each public library a sufficient amount of those funds
1500 appropriated to pay the costs of insurance for eligible employees.
1501 Any funds so appropriated by line item that are not expended
1502 during the fiscal year for which the funds were appropriated shall

1503 be carried forward for the same purposes during the next
1504 succeeding fiscal year. If any premiums for the health insurance
1505 and/or late charges and interest penalties are not paid by a
1506 public library in a timely manner, as defined by the board, the
1507 Mississippi Library Commission, upon notice by the board, shall
1508 immediately withhold all subsequent disbursements of funds to that
1509 public library.

1510 (3) The state shall annually provide one hundred percent
1511 (100%) of the cost of the health insurance plan for public school
1512 district employees who work no less than twenty (20) hours during
1513 each week and regular nonstudent school bus drivers, if such
1514 employees and school bus drivers were initially employed before
1515 January 1, 2006. For such employees and school bus drivers
1516 initially employed on or after January 1, 2006, the state shall
1517 provide one hundred percent (100%) of the cost of a basic level of
1518 health insurance under the State and School Employees Health
1519 Insurance Plan and the employees may pay additional amounts to
1520 purchase additional benefits or levels of coverage offered under
1521 the plan. Where federal funding is allowable to defray, in full
1522 or in part, the cost of participation in the program by district
1523 employees who work no less than twenty (20) hours during the week
1524 and regular nonstudent bus drivers, whose salaries are paid, in
1525 full or in part, by federal funds, the allowance under this
1526 section shall be reduced to the extent of that federal funding.
1527 Where the use of federal funds is allowable but not available, it
1528 is the intent of the Legislature that school districts contribute
1529 the cost of participation for the employees from local funds,
1530 except that parent fees for child nutrition programs shall not be
1531 increased to cover that cost.

1532 (4) The state shall provide annually, by line item in the
1533 community/junior college appropriation bill, the funds to pay one
1534 hundred percent (100%) of the cost of the health insurance plan
1535 for community/junior college district employees initially employed

1536 before January 1, 2006, who work no less than twenty (20) hours
1537 during each week. For such employees initially employed on or
1538 after January 1, 2006, the state shall provide one hundred percent
1539 (100%) of the cost of a basic level of health insurance under the
1540 State and School Employees Health Insurance Plan and the employees
1541 may pay additional amounts to purchase additional benefits or
1542 levels of coverage offered under the plan.

1543 (5) When the use of federal funding is allowable to defray,
1544 in full or in part, the cost of participation in the insurance
1545 plan by community/junior college district employees who work no
1546 less than twenty (20) hours during each week, whose salaries are
1547 paid, in full or in part, by federal funds, the allowance under
1548 this section shall be reduced to the extent of the federal
1549 funding. Where the use of federal funds is allowable but not
1550 available, it is the intent of the Legislature that
1551 community/junior college districts contribute the cost of
1552 participation for the employees from local funds.

1553 (6) Any community/junior college district may contribute to
1554 the cost of coverage for any district employee from local
1555 community/junior college district funds, and any public school
1556 district may contribute to the cost of coverage for any district
1557 employee from nonminimum program funds. Any part of the cost of
1558 the coverage for participating employees of public school
1559 districts and public community/junior college districts that is
1560 not paid by the state shall be paid by the participating
1561 employees, which shall be deducted from the salaries of the
1562 employees in a manner determined by the board.

1563 (7) Any funds appropriated for the cost of insurance by line
1564 item in the community/junior colleges appropriation bill that are
1565 not expended during the fiscal year for which the funds were
1566 appropriated shall be carried forward for the same purposes during
1567 the next succeeding fiscal year.

1568 (8) The board may establish and enforce late charges and
1569 interest penalties or other penalties for the purpose of requiring
1570 the prompt payment of all premiums for life and health insurance
1571 permitted under Chapter 15 of Title 25. All funds in excess of
1572 the amount needed for disbursement of claims shall be deposited in
1573 a special fund in the State Treasury to be known as the State and
1574 School Employees Insurance Fund. The State Treasurer shall invest
1575 all funds in the State and School Employees Insurance Fund and all
1576 interest earned shall be credited to the State and School
1577 Employees Insurance Fund. Those funds shall be placed with one or
1578 more depositories of the state and invested on the first day that
1579 the funds are available for investment in certificates of deposit,
1580 repurchase agreements or in United States Treasury bills or as
1581 otherwise authorized by law for the investment of Public
1582 Employees' Retirement System funds, as long as the investment is
1583 made from competitive offering and at the highest and best market
1584 rate obtainable consistent with any available investment
1585 alternatives. However, those investments shall not be made in
1586 shares of stock, common or preferred, or in any other investments
1587 that would mature more than one (1) year from the date of
1588 investment. The board shall have the authority to draw from this
1589 fund periodically such funds as are necessary to operate the
1590 self-insurance plan or to pay to the insurance carrier the cost of
1591 operation of this plan, it being the purpose to limit the amount
1592 of participation by the state to fifty percent (50%) of the cost
1593 of the life insurance program and not to limit the contracting for
1594 additional benefits where the cost will be paid in full by the
1595 employee.

1596 (9) The board shall also provide for the creation of an
1597 Insurance Reserve Fund, and funds in the reserve fund shall be
1598 invested by the State Treasurer with all interest earned credited
1599 to the State and School Employees Insurance Fund.

1600 **SECTION 10.** Section 25-15-103, Mississippi Code of 1972, is
1601 amended as follows:

1602 **[Through December 31, 2007, this section shall read as**
1603 **follows:]**

1604 25-15-103. The maximum amount of group insurance or other
1605 coverage used in determining employer's limitation of one hundred
1606 percent (100%) of such costs shall be determined by regulations
1607 promulgated by the governing board or head of any political
1608 subdivision, school district, junior college district,
1609 institution, department or agency named in Sections 25-15-101 and
1610 25-15-103, but the life insurance for each employee shall not
1611 exceed Fifty Thousand Dollars (\$50,000.00), or the amount of
1612 deduction allowed by the United States Internal Revenue Service in
1613 filing a federal tax return, whichever is greater. A like amount
1614 may be for accidental death, accident, health and salary
1615 protection insurance, providing benefits not exceeding sixty
1616 percent (60%) of the employee's income, or the amount allowed by
1617 the United States Internal Revenue Service in filing a federal tax
1618 return, whichever is greater. Hospitalization benefits for room
1619 and board may not exceed the average semiprivate cost per day; and
1620 the other coverages authorized hereinabove. The limitations in
1621 this paragraph on the amount of group insurance and other coverage
1622 which employers may obtain for their employees shall not be
1623 applicable to municipalities.

1624 Any employee who retires due to one hundred percent (100%)
1625 medical disability, or due to reaching the statutory age of
1626 retirement under the provisions of the Public Employees'
1627 Retirement Law of 1952, being Sections 25-11-101 through
1628 25-11-139, may, if he elects, remain a member of the group plan
1629 for such life insurance and other benefits as may be agreed to by
1630 the governing board or institution, department, or agency head and
1631 the companies writing such insurance and other coverage, by paying
1632 the entire costs thereof.

1633 When any of the political subdivisions, school districts,
1634 junior college districts, institutions, departments, or agencies
1635 named in Sections 25-15-101 and 25-15-103 have adopted the group
1636 coverage plan authorized by said sections, any of the employees
1637 thereof participating in the plan who desire to secure additional
1638 benefits for their dependents with the company or companies
1639 providing such group coverage may do so by authorizing in writing
1640 the deduction from his or her salary or wages of the necessary
1641 amounts for the full payment of such additional coverage, and the
1642 same may be deducted and paid for such purposes, but the entire
1643 cost of such additional coverage for dependents shall be paid by
1644 the employee.

1645 Said municipality may provide group life insurance coverage
1646 for all or specified groups of its public employees and group
1647 hospitalization benefits for such public employees and their
1648 dependents, and the municipality may pay the total of the cost of
1649 all benefits under this section.

1650 **[From and after January 1, 2008, this section shall read as**
1651 **follows:]**

1652 25-15-103. The maximum amount of group insurance or other
1653 coverage used in determining the employer's limitation of one
1654 hundred percent (100%) of the costs shall be determined by
1655 regulations promulgated by the governing board or head of any
1656 political subdivision, school district, junior college district,
1657 institution, department or agency named in Sections 25-15-101 and
1658 25-15-103, but the life insurance for each employee shall not
1659 exceed Fifty Thousand Dollars (\$50,000.00), or the amount of
1660 deduction allowed by the United States Internal Revenue Service in
1661 filing a federal tax return, whichever is greater. A like amount
1662 may be for accidental death, accident, health and salary
1663 protection insurance, providing benefits not exceeding sixty
1664 percent (60%) of the employee's income, or the amount allowed by
1665 the United States Internal Revenue Service in filing a federal tax

1666 return, whichever is greater. Hospitalization benefits for room
1667 and board may not exceed the average semiprivate cost per day; and
1668 the other coverages authorized hereinabove. The limitations in
1669 this paragraph on the amount of group insurance and other coverage
1670 that employers may obtain for their employees shall not be
1671 applicable to municipalities.

1672 When any of the political subdivisions, school districts,
1673 junior college districts, institutions, departments or agencies
1674 named in Sections 25-15-101 and 25-15-103 have adopted the group
1675 coverage plan authorized by those sections, any of the employees
1676 thereof participating in the plan who desire to secure additional
1677 benefits for their dependents with the company or companies
1678 providing the group coverage may do so by authorizing in writing
1679 the deduction from his or her salary or wages of the necessary
1680 amounts for the full payment of the additional coverage, and the
1681 same may be deducted and paid for those purposes, but the entire
1682 cost of the additional coverage for dependents shall be paid by
1683 the employee.

1684 A municipality may provide group life insurance coverage for
1685 all or specified groups of its public employees and group
1686 hospitalization benefits for the public employees and their
1687 dependents, and the municipality may pay the total of the cost of
1688 all benefits under this section.

1689 **SECTION 11.** This act shall take effect and be in force from
1690 and after July 1, 2007.