

By: Senator(s) Johnson

To: Insurance;
Accountability, Efficiency,
Transparency

COMMITTEE SUBSTITUTE
FOR
SENATE BILL NO. 2125

1 AN ACT TO AMEND SECTION 83-62-5, MISSISSIPPI CODE OF 1972, TO
2 PROVIDE THAT THE STATE AND SCHOOL EMPLOYEES HEALTH INSURANCE
3 MANAGEMENT BOARD SHALL ALLOW STATE EMPLOYEES TO PARTICIPATE IN A
4 HEALTH SAVINGS ACCOUNT PROGRAM, PROVIDED THAT THE EMPLOYEE PAYS
5 THE FULL COST OF SUCH PROGRAM AND CONSENTS TO A PAYROLL DEDUCTION;
6 TO BRING FORWARD SECTIONS 83-62-3 AND 25-15-5, MISSISSIPPI CODE OF
7 1972, FOR THE PURPOSE OF POSSIBLE AMENDMENT; AND FOR RELATED
8 PURPOSES.

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

10 **SECTION 1.** Section 83-62-5, Mississippi Code of 1972, is
11 amended as follows:

12 83-62-5. (1) For taxable years beginning after January 1,
13 2005, contributions may be made into a health savings account by
14 or on behalf of a resident of Mississippi pursuant to Section
15 83-62-3(f).

16 (2) Except as provided in Section 83-62-9, or except as
17 otherwise provided by law, the principal contributed to and the
18 interest earned on a health savings account and money reimbursed
19 to an eligible individual or an employee for qualified medical
20 expenses shall be excluded from the taxable gross income of the
21 account holder under Section 27-7-15.



22 (3) The State and School Employees Health Insurance
23 Management Board shall allow state employees as defined in Section
24 25-15-3(a) to participate in a health savings account program,
25 provided that the employee pays the full cost of such program and
26 consents to a payroll deduction.

27 **SECTION 2.** Section 83-62-3, Mississippi Code of 1972, is
28 brought forward as follows:

29 83-62-3. As used in this chapter:

30 (a) "Eligible individual" means the individual
31 taxpayer, including employees of an employer who contributes to
32 health savings accounts on the employees' behalf, who:

33 (i) Is covered by a high deductible health plan
34 individually or with his or her dependents as defined in this
35 chapter;

36 (ii) Is not covered under any health plan that is
37 not a high deductible health plan, except for coverage for
38 accidents, disability, dental care, vision care, long-term care,
39 workers' compensation insurance, insurance for a specified disease
40 or illness, insurance paying a fixed amount per day per
41 hospitalization and coverage for tort liabilities or liabilities
42 relating to ownership or use of property; and

43 (iii) Establishes, or on whose behalf is
44 established, a health savings account.



45 (b) "Deductible" means the total deductible for an
46 eligible individual and all the dependents of that eligible
47 individual for a calendar year.

48 (c) "Dependent" means the spouse or child of the
49 eligible individual as defined in Section 152 of the Internal
50 Revenue Code subject to any additional modifications imposed by
51 Section 223(d) (2) of the Internal Revenue Code.

52 (d) "Qualified medical expense" means an expense paid
53 by the taxpayer for medical care described in Section 213(d) of
54 the Internal Revenue Code.

55 (e) "High deductible health plan" means a health plan
56 with:

57 (i) In the case of self-only coverage, an annual
58 deductible which is not less than One Thousand Dollars (\$1,000.00)
59 and the sum of the annual deductible and other annual
60 out-of-pocket expenses required to be paid under the plan for
61 covered benefits does not exceed Five Thousand One Hundred Dollars
62 (\$5,100.00).

63 (ii) In the case of family coverage, an annual
64 deductible of not less than Two Thousand Dollars (\$2,000.00) and
65 the sum of the annual deductible and other annual out-of-pocket
66 expenses required to be paid under the plan for covered benefits
67 does not exceed Ten Thousand Two Hundred Dollars (\$10,200.00).

68 (iii) The minimum annual deductible amounts and
69 maximum annual out-of-pocket expense limits may be adjusted each



70 year according to a cost-of-living adjustment as determined under
71 Section 223(g) of the Internal Revenue Code.

72 (iv) A plan shall not fail to be treated as a high
73 deductible health plan by reason of failing to have a deductible
74 for preventive care, or in the case of network plans, for having
75 limits for out-of-pocket expenses or annual deductibles for
76 services provided outside the network that exceed the limitations
77 in this section.

78 (f) "Health savings account" or "account" means a trust
79 or custodian established in this state pursuant to a health
80 savings account program exclusively to pay the qualified medical
81 expenses of an eligible individual or his or her dependents, but
82 only if the written governing instrument creating the account
83 meets the following requirements:

84 (i) Except in the case of a rollover contribution,
85 no contribution will be accepted unless it is in cash; or, to the
86 extent such contribution, when added to the previous contributions
87 to the account for the calendar year, exceeds one hundred percent
88 (100%) of the eligible individual's deductible or Two Thousand Six
89 Hundred Fifty Dollars (\$2,650.00) for an individual or Five
90 Thousand Two Hundred Fifty Dollars (\$5,250.00) per family,
91 whichever is lower;

92 (ii) The trustee or custodian is a bank, an
93 insurance company or another person approved by the United States
94 Department of Treasury and the Commissioner of Insurance;



95 (iii) No part of the trust assets will be invested
96 in life insurance contracts;

97 (iv) The assets of the account will not be
98 commingled with other property except as allowed for under
99 Individual Retirement Accounts; and

100 (v) The eligible individual's interest in the
101 account is nonforfeitable.

102 The maximum dollar amounts in this paragraph may be adjusted
103 each year according to a cost-of-living adjustment as determined
104 under Section 223(g) of the Internal Revenue Code.

105 Eligible individuals who have attained age fifty-five (55)
106 before the end of the year may make additional catch-up
107 contributions into the account in the amount determined in
108 accordance with the following table:

109	2005.....	\$ 600.00
110	2006.....	\$ 700.00
111	2007.....	\$ 800.00
112	2008.....	\$ 900.00
113	2009 and thereafter.....	\$1,000.00

114 (g) "Health savings account program" or "program" means
115 a program that includes all of the following:

116 (i) The purchase by an eligible individual or by
117 an employer of a high deductible health plan; and

118 (ii) The contribution into a health savings
119 account by or on behalf of an eligible individual or on behalf of



120 an employee by his or her employer. The total annual contribution
121 may not exceed the amount of the plan's higher deductible or the
122 amounts listed herein.

123 **SECTION 3.** Section 25-15-5, Mississippi Code of 1972, is
124 brought forward as follows:

125 25-15-5. (1) The board shall administer the plan and is
126 authorized to adopt and promulgate rules and regulations for its
127 administration, subject to the terms and limitations contained in
128 this article.

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

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

134 (b) Alternative service delivery systems.

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

137 (d) The development of options and recommendations for
138 changes in the plan.

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

143 (4) After the board has complied with all provisions of
144 Section 25-15-9 regarding the establishment of the plan, it shall



145 be responsible for fully disclosing to plan members the provisions
146 of the plan. Such disclosure shall consist of the dissemination
147 of educational material on the plan and any proposed changes
148 thereto. The board shall provide members with complete
149 educational materials at least thirty (30) days before the date
150 upon which the plan's members must select a plan option for health
151 care services. The board shall further use the resources of the
152 Mississippi Authority for Educational Television or other state
153 agency, university or college to provide information on proposed
154 changes. The board may also use other state-owned media, as well
155 as public service announcements on private media to disseminate
156 information regarding proposed changes in the plan.

157 (5) The board shall develop and make available for public
158 review at its offices a comprehensive plan document which
159 documents all benefits for which members of the plan created by
160 Section 25-15-3 et seq. are eligible. This document shall be
161 typed and maintained also at the offices of any administrator
162 contracted with in accordance with Section 25-15-301.

163 (6) (a) The board may enter into contracts with
164 accountants, actuaries and other persons from the private sector
165 whose skills are necessary to carry out the purposes of Section
166 25-15-3 et seq.

167 (b) Before the board enters into any contract for
168 services as provided in paragraph (a) of this subsection, the
169 board shall first determine that the services are required, and



170 that the staff of the board and personnel of other state agencies
171 are not sufficiently experienced to provide the services.

172 (c) If the service is to be rendered for a period of in
173 excess of six (6) months, the board shall seek and obtain bids for
174 the service in a manner identical to that provided for in Section
175 25-15-301, subsection (1)(a) and (b) except for those provisions
176 which specifically state criteria which are applicable only to
177 third-party administrators contracted with in accordance with
178 Section 25-15-3 et seq.

179 (d) The board is also authorized to procure legal
180 services if it deems these services to be necessary to carry out
181 its responsibilities under Section 25-15-3 et seq.

182 **SECTION 4.** This act shall take effect and be in force from
183 and after July 1, 2024.

