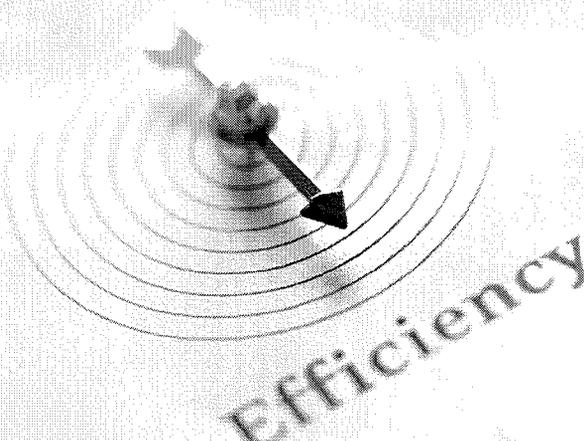


**Agency Briefing—2011 Legislative Session
Office of Personnel Management
June 15, 2011, 10:00 a.m. – 11:00 a.m.
Concourse Theater
Sequoyah/Will Rogers
Oklahoma City**

1. Welcome—Hank Batty, OPM Deputy Administrator for Programs
2. 2011 Employee Benefits Legislation—Phil Kraft, Executive Director, Employees Benefits Council
3. 2011 Insurance and Benefits Legislation—Dana Webb, Director of External Affairs, Communications and Health Promotion, Oklahoma State and Education Employees Group Insurance Board
4. 2011 Retirement Legislation—Tom Spencer, Executive Director, Oklahoma Public Employees Retirement System
5. 2011 Human Resources Legislation—Shirley A. Russell, Director of Legislative Affairs, Office of Personnel Management
6. Overview of Recent Merit Rule Changes—Kara Smith, General Counsel, Office of Personnel Management

Employees
Benefits
Council

HR Legislative Briefing
June 15, 2011
Concourse Theater



Philip K. Kraft,
Executive Director



HB 1062
Employee Opt-Out



- Allows active state employees **who are covered by a separate group health insurance plan** to opt out of the state's basic plan.
- Provides that employees opting out of coverage will receive \$150.00 per month in lieu of the flexible benefit allowance amount the employee would otherwise be eligible to receive.
- EBC will be developing opt-out forms.

June 15, 2011

Employees Benefits Council

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SB 623 TRICARE Supplement

- Beginning January 1, 2012, EBC will contract with one or more providers of a TRICARE supplement product to eligible employees.
- Any premiums required to participate in a group TRICARE Supplement product must be paid by the employee.
- "TRICARE" is the Department of Defense health care program for active duty and retired uniform service members and their families.

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Administrative Rules

- Rules providing specifics on new provisions created by HB 1062 and SB 623 will be promulgated by the Employees Benefits Council later this summer.
- Information will be distributed to Benefits Coordinators and benefit plan partners.
- Rules and information will also be available on EBC's Web site: www.ebc.ok.gov.

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HB 2140 Agency Consolidation

- Consolidates the state's benefits office, the Employees Benefits Council (EBC), and other agencies into the Office of State Finance (OSF). The consolidated group would also include the Department of Central Services (DCS), Office of Personnel Management (OPM) and the Oklahoma State and Education Employees Group Insurance Board (OSEEGIB).
- The measure directs the OSF director to assume all executive-level responsibilities for each agency. It requires the OSF director to demonstrate a cost reduction as a result of the consolidation equal to 15 percent of the legislative appropriations received by the consolidated agencies during FY 2012.
- Remarks on Tuesday afternoon meeting

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Closing Comments

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AAA 2011 Human Resources and Related Legislation

Appropriations

House Bill 2170 Sears/Meyers	Makes general appropriations to the executive, legislative and judicial departments of the state for fiscal year 2012. <i>Effective July 1, 2011.</i>
House Bill 2177 Sears/Meyers	Amends section O.S. 74:840-2.28A which established a statewide voluntary buyout program for "normal" retirement eligible state employees to extend use of the reimbursement fund for eligible VOBO expenditures to no later than June 30, 2012. <i>Effective July 1, 2011.</i>

Employment Policy

House Bill 1231 Ownbey/Mazzei	Clarifies that an employee who is not in compliance with state income tax laws shall be terminated if he/she has received three notifications as a state employee, regardless of which agency the employee was employed by at the time of the first and second notices. <i>Effective August 26, 2011.</i>
House Bill 2033 Sullivan/Anderson	Modifies the Standards for Workplace Drug and Alcohol Testing Act: <ul style="list-style-type: none"> • Allows a public/private employer to request/require an employee to undergo drug or alcohol testing at any time it feels the employee may be under the influence of drugs or alcohol, including under certain circumstances; • Prohibits an employee who refuses to take a drug or alcohol test from receiving workers' compensation; and, • Modifies several provisions regarding definitions, applicant testing, and policy implementation and notification. <i>Effective November 1, 2011.</i>
Senate Bill 837 Jolley/Sullivan	Modifies language related to discriminatory practices in employment, housing, and public accommodations. The bill modifies the description of discriminatory practices by adding genetic information to the provision and it replaces statutory references to "handicap" with "disability." The bill provides exclusive remedies for individuals alleging discrimination in employment on the basis of race, color, national origin, sex, religion, creed, age, disability or genetic information. <i>Effective November 1, 2011.</i>
SJR 15 Johnson/Osborn	Proposes a constitutional amendment prohibiting the state from providing preferential treatment to or discriminating against any individual or group on the basis of race, color, sex, ethnicity or national origin in the operation of public employment, public education or public contract. <i>This resolution will be on the general election ballot of November 2012.</i>

Leave

<p>Senate Bill 666 Marlatt/ Jackson</p>	<p>Establishes emergency leave policy for state employees who are reserve municipal police officers or reserve deputy sheriffs. Those employees who miss work in the performance of their duties in cases of emergency will not have to use any accrued leave or need to make up any time.</p> <p><i>Effective August 26, 2011.</i></p>
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Agency Administration

<p>House Bill 1086 Murphey/Jolley</p>	<p>Enacts the Transparency, Accountability and Innovation in Oklahoma State Government 2.0 Act of 2011. Section 8 requires the Office of State Finance to establish shared services for payroll processing in which all agencies are to participate--the Oklahoma State Government Payroll Processing One-Stop Initiative. Requires all Treasury payments be made electronically with limited exceptions. Creates state websites for government forms, geographic information, IT projects, and purchasing information.</p> <p><i>Effective August 26, 2011.</i></p>
<p>House Bill 1207 Murphey/Sykes</p>	<p>Section 4 requires appropriated state agencies to provide information to the Office of State Finance (OSF) listing all employees engaged in financial services, including procurement, payroll, accounts receivable and accounts payable. Furthermore, OSF is to annually report the financial services cost performance assessment for each appropriated agency. Agencies in the bottom 10% of the assessment must contract with OSF for shared financial services if the Director of OSF decides the contract will result in a savings to the agency. Section 5 modifies provisions on the employee payroll conversion banks to permit employees to accept shared leave as part of the hours accumulated towards the conversion. Use of shared leave is contingent upon approval by the appointing authority.</p> <p><i>Effective August 26, 2011.</i></p>
<p>House Bill 1304 Derby/Jolley</p>	<p>Enacts the Information Technology Consolidation and Coordination Act which is to be administered by the Information Services Division (ISD) of OSF and the Chief Information Officer. Following assessment, all information technology assets not integral to the agency shall be transferred to the ISD of OSF by Jan. 1, 2012. IT positions not integral to the agency shall be transferred by Feb. 2, 2012. All agencies (appropriated and non-appropriated) are required to use the following OSF services and systems:</p> <ul style="list-style-type: none"> • Data Service Center of the Divisions; • Networking services; • Communication or intercommunication systems; • Electronic mail systems; and • Data and network security systems. <p>All agencies are also required to use the following CORE programs, services,</p>

	<p>software and processes:</p> <ul style="list-style-type: none"> • Payroll; • Employee leave system; • Human resources; • Accounts receivable; • Accounts payable; • Purchasing system; • Budgeting system; • Enterprise Learning Management (ELM); • Budget Request system; • Asset management; and • Projects, grants and contracts, which includes federal billing. <p><i>Effective August 26, 2011.</i></p>
<p>House Bill 1601 Stiles/Jolley</p>	<p>Establishes the Oklahoma State Government Business Licensing One-Stop Program through the Office of State Finance (OSF) for real-time licensing and permitting to the public through the website "Business.ok.gov." Transfers the 2nd Century Entrepreneurship Center assets and personnel from the OK Department of Commerce to Information Services Division of OSF.</p> <p><i>Effective August 26, 2011.</i></p>
<p>Senate Bill 541 Sykes/Murphey</p>	<p>Section 3 requires appropriated state agencies to provide information to the Office of State Finance (OSF) listing all employees engaged in financial services, including procurement, payroll, accounts receivable and accounts payable. Furthermore, OSF is to annually report the financial services cost performance assessment for each appropriated agency. Agencies in the bottom 10% of the assessment must contract with OSF for shared financial services if the Director of OSF decides the contract will result in a savings to the agency. (The same language is found in Section 4 of House Bill 1207.</p> <p><i>Effective August 26, 2011.</i></p>

Agency Consolidation/Reorganization

<p>House Bill 2140 Steele/Bingman</p>	<p>Enacts the State Government Administrative Process Consolidation and Reorganization Reform Act of 2011. The measure consolidates the following agencies into the Office of State Finance (OSF):</p> <ul style="list-style-type: none"> --Department of Central Services (DCS); --Office of Personnel Management (OPM); -- Oklahoma State Employees Benefits Council (EBC); and, --State and Education Employees Group Insurance Board (OSEEGIB). <p>In reference to the consolidated agencies, OSF is required by Dec. 31, 2011, to:</p> <ul style="list-style-type: none"> • Consolidate all of their administrative functions; • Demonstrate a cost reduction equal to 15% of the appropriated agencies; and,
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	<ul style="list-style-type: none"> • Provide recommendations to the Legislature for the streamlining, reduction, or elimination of governance structures and statutorily – established positions. <p><i>Effective August 26, 2011.</i></p>
House Bill 2172 Sears/Myers	<p>Creates the position of an Oklahoma Native American Liaison within the Governor’s staff and eliminates the Indian Affairs Commission.</p> <p><i>Effective August 26, 2011.</i></p>
Senate Bill 763 Jolley/Sullivan	<p>Creates within the Office of the Attorney General an Office of Civil Rights Enforcement to assume all functions, duties, contracts and responsibilities of the Oklahoma Human Rights Commission.</p> <p><i>Effective November 1, 2011.</i></p>
Senate Bill 772 Jolley/Sullivan	<p>Establishes the Business and Professional License Facilitation Task Force to study centralized governmental models for facilitation of business and professional licenses and applications and requires submission of a report to the legislature by December 1, 2011.</p> <p><i>Effective August 26, 2011.</i></p>

OPERS 2011 LEGISLATIVE SUMMARY

Overall Pension Reform

SB 794 (Sen. Mazzei; Rep. McDaniel) - OPERS Reform Bill

This bill became the vehicle to increase the retirement age for all future OPERS members. The final bill creates a specific retirement age of 65 for all new OPERS members joining after November 1, 2011. Members will still be eligible to retire at age 60 if they meet the "Rule of 90." Elected officials on or after November 1, 2011 will have the same benefit formula and contribution rate as regular OPERS members. They will also have a retirement age at 65 or 62 with 10 years of service. The vesting is increased to 8 years from the current 6 years. Early retirement options will begin at age 60 instead of the current age 55 for both regular and elected officials.

HB 1010 (Rep. McDaniel; Sen. Mazzei) - Justices & Judges Pension Reform Act of 2011

This bill changes the URSJJ retirement age for new judges after January 2012. It increases from age 65 to age 67 with 8 years of service. It changes from Rule of 80 or age 60, to age 62 for 10 years or more of service.

COLAs & COLA Reform

HB 2132 (Rep. Steele; Sen. Bingman) - Truth in Funding Act

Cost of Living Adjustments ("COLAs") are removed from the definition of "non-fiscal retirement bills" in the Oklahoma Pension Legislation Actuarial Analysis Act ("OPLAAA"). The effect of these amendments makes any COLA bill subject to all of the requirements of OPLAAA including the requirement that such bills provide adequate funding to pay the cost.

OTHER

SB 347 (Sen. Mazzei; Rep. McDaniel) - Municipal Employees/Officers

Municipal employees and officers will forfeit retirement benefits upon final conviction, guilty plea or nolo contendere to specified crimes.

SB 782 (Sen. Mazzei; Rep. McDaniel) - OPLAA date change

Amends 62 O.S. § 3109 to move the deadline for completion of an actuarial investigation from November 1 to December 1. The final bill deletes the requirement that the state pension systems submit reports annually to the Pension Commission using standard actuarial assumptions.

SB 840 (Sen. Aldridge; Rep. McDaniel) - OPERS Request Bill

All administrative appeals from OPERS board actions are to be brought in Oklahoma County. Deadlines related to hearing procedures were cleaned up and specific authority to use hearing examiners was put into law. The new law specifically gives the Board jurisdiction over all disputes involving members and participating employers. When local employers collect contributions from members the new law provides that they are trust funds. The late charge for paying contributions was increased.

OPLAAA BILLS

Under OPLAAA, retirement bills with fiscal impact may only be considered and passed under a specific procedure. They may only be introduced in odd-numbered years. If the legislative committee with jurisdiction over retirement legislation votes to do so, a fiscal-impact bill is referred to the Legislative Actuary so the bill can be analyzed and an actual cost determined. The bill can then be considered during the following session which is an even-numbered year. The bill may only be considered further and passed into law if an adequate funding mechanism is passed with the proposed legislation.

SB 616 (S. Sparks) - Military Credit

If a member of OPERS terminates employment, joins the military, and withdraws contributions he or she may be granted no more than 5 years of prior service credit for qualified military service upon reentering the system.

Status: **Referred to Legislative Actuary.** Senate Retirement & Insurance Committee referred the bill to the actuary for a fiscal impact statement.

OKLAHOMA STATE AND EDUCATION EMPLOYEES GROUP
INSURANCE BOARD

HB 1062

June 15, 2011

1. **Section 1.** Allows OSEEGIB go contract with providers with a “Centers of Excellence” approach.
2. **Section 5.** Directs OSEEGIB and OSF to contract with a vendor to make available a health savings account to all enrollees in the HealthChoice qualified high-deductible health plan. Any employer or employee contributions to the health savings account shall be allowable as a remittance to the vendor through payroll deduction in conjunction with the employer’s Section 125 Plan and shall not be subject to any assessment of administrative fees by the Board, the Office of State Finance or any state agency for remittance to the vendor. The State of Oklahoma, the Board, the Office of State Finance and the Oklahoma State Employees Benefits council shall take necessary measures to make any employer or employee health savings account contributions permissible under the state’s Section 125 Plan.
3. **Section 6.** Directs the OSEEGIB to contract for 2012 with a vendor that offers a Health Insurance Portability and Accountability Act (HIPAA) compliant web-based, doctor-patient mutual accountability incentive program. The purpose of the contract is to conduct a pilot project to test the value proposition of a program that offers financial incentives to both the health care provider and the patient for each care encounter in which the provider and patient incorporate evidence-based medicine treatment guidelines, patient health education remedies and other proven medical interventions made available and recorded through the program in the rendering and utilization of health care. The Board shall use its operating funds to underwrite the cost of this pilot project and shall not pass these costs along to the participating state agencies, or school boards or providers. The Board may retain or share with participating state agencies or school

boards any savings realized as a result of the pilot program. The program will demonstrate a self-sustaining financial model that, through the savings incurred by better utilization health care programs, will offset the costs of this program with savings. This program will offer the health care provider the flexibility to use the health care provider's clinical judgment to adhere to or deviate from the program's treatment guidelines and still receive a financial incentive, as long as the health care provider communicates care guidelines and patient health education remedies to the patient that include an explanation of the provider's adherence or reason for nonadherence to the guideline. The vendor managing the pilot program shall offer a financial reward to the patient for responding to the vendor's guidelines for care and patient education remedies by demonstrating the patient's understanding of the patient's health condition, by declaring or demonstrating adherence to recommended care, by agreeing to allow the patient's physician to view patient's responses and acknowledge the patient's health accomplishments, and by judging the quality of care given to the patient against these guidelines and recommended care. Any communications to patient and provider shall be in compliance with all HIPAA regulations and standards. Participation in the program shall be voluntary to both the provider and patient on an encounter-by-encounter basis. The program shall be offered and administered by the program vendor through an Internet application that is HIPAA-compliant. This pilot project shall include a minimum of 15,000 beneficiaries of the Board to achieve a statistical significance and collect and analyze data over a period of three (3) years in order to determine the program's effectiveness and ability to become self-funded.

Questions or Comments

Dana Webb

**Director of External Affairs, Communications, and Health Promotion
Oklahoma State and Education Employees Group Insurance Board**

405-717-8753 office

405-205-6432 cell