



**STATE OF OKLAHOMA  
OFFICE OF PERSONNEL MANAGEMENT**

*"Working for Oklahoma"*

**OPM 06-14**

**DATE:** June 28, 2006  
**TO:** All Appointing Authorities  
**FROM:** Oscar B. Jackson, Jr., IPMA-CP, Administrator and  
Cabinet Secretary for Human Resources and Administration  
**SUBJECT:** **Briefing on HR Legislation**

A handwritten signature in blue ink, appearing to read "Oscar B. Jackson, Jr.", is positioned to the right of the "FROM:" line.

You are cordially invited to attend a briefing regarding HR-related legislation passed during the 2006 legislative session and signed into law by Governor Brad Henry:

**Wednesday, July 12, 2006  
10:30 a.m. - 12:00 p.m.  
Concourse Theater  
Sequoyah/Will Rogers Concourse  
Oklahoma City**

Representatives from OSEEGIB, OPERS, and OPM will be participating in the briefing. If you have questions regarding this briefing or HR-related legislation, please contact Shirley A. Russell, OPM Director of Legislative Affairs, at [Shirley.russell@opm.ok.gov](mailto:Shirley.russell@opm.ok.gov) or (405) 521-6293. We look forward to seeing you on the 12<sup>th</sup>!

*"We serve the people of Oklahoma by delivering reliable and innovative human resource services to our partner agencies to achieve their missions."*

**9<sup>th</sup> Annual Agency Briefing—2006 Legislative Session**  
**Office of Personnel Management**  
**July 12, 2006, 10:30 a.m. – 12:00 p.m.**  
**Sequoyah/Will Rogers Concourse Theater**

1. Welcome—Oscar B. Jackson, Jr., IPMA-CP, OPM Administrator and Cabinet Secretary of Human Resources and Administration
2. 2006 Retirement Legislation—Tom Spencer, Executive Director, Oklahoma Public Employees Retirement System
3. 2006 Insurance and Benefits Legislation—Dana Webb, Director of Legislative/Regulatory Affairs, Oklahoma State and Education Employees Group Insurance Board
4. 20046 Human Resources Legislation—Shirley A. Russell, Director of Legislative Affairs, Office of Personnel Management
5. Handouts:
  - a. Briefing Agenda
  - b. 2006 Retirement Related Legislation—Oklahoma Public Employees Retirement System (OPERS)
  - c. 2006 Insurance and Benefits Legislation—Oklahoma State & Education Employees Group Insurance Board (OSEEGIB)
  - d. 2006 HR Legislation Briefing



TOM SPENCER  
EXECUTIVE DIRECTOR

BRAD HENRY  
GOVERNOR

STATE OF OKLAHOMA

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

## 2006 OPERS Legislation

Below is a description of new legislation which affects active or retired members of the Oklahoma Public Employees Retirement System (OPERS). All legislation is effective July 1, 2006, unless otherwise noted.

### Senate Bill 1894

*Oklahoma Pension Legislation Actuarial Analysis Act ("Georgia" bill)*

The bill applies to OPERS, the Judicial Retirement System and the Teachers Retirement System. The bill has three (3) prominent features. All retirement bills with fiscal impact must be introduced in odd years and voted on in even-numbered years. This can be bypassed for an "emergency" bill by a  $\frac{3}{4}$  vote of each house. Each such bill must be analyzed for actuarial fiscal impact by a "Legislative Actuary." The actuary is hired by the Legislative Service Bureau. Finally, any retirement bill with fiscal impact must contain adequate funding either through a lump-sum appropriation or an increase in contributions sufficient to pay the cost of the change. The bill permits the Legislature to grant Cost of Living Adjustments (COLAs) without following the restrictions in the bill. COLAs can be given by the Legislature as long as they do not exceed the actuarial assumption of the System. OPERS assumes it will pay a 2% COLA each year for actuarial purposes.

### House Bill 1179 XX (Special Session)

*OPERS Option C Retirement Benefit*

Section 33 of the bill amends the "Option C" retirement benefit option in 74 O.S. § 918. Option C provides for a benefit paid to a member which is only slightly reduced from the maximum benefit. If the member dies before the passage of ten years, a beneficiary is guaranteed to receive the same payment for the remaining part of the 10 year certain period. Under current law, if a member dies before the passage of the ten year period, and the beneficiary isn't alive or doesn't survive for the ten year period, the estate of the member or the beneficiary receives the payment. The amendment permits OPERS to pay the present value of the payments in a lump sum so it can be distributed immediately.

### *OPERS Employee Contribution Rate*

Section 34 amends 74 O.S. § 919.1 and makes the OPERS state employee contributions a flat 3.5%. The current rate structure of 3% on the first \$25,000 of salary and 3.5% on the remainder is repealed. All state employees who earn at least \$25,000 per year will only pay \$125 more due to this increase.

### *OPERS Retiree Cost of Living Adjustment (COLA)*

House Bill 1179 XX provides that any person receiving benefits from OPERS as of June 30, 2005, who is still receiving the benefit on July 1, 2006, will get a 4% increase in that benefit. The increased benefit will take effect with the payments and checks at the end of July. Retirees, disability retirees, Option C beneficiaries, and surviving joint annuitants will all get this increase. As an example, if the gross benefit was \$1,000 per month, the new gross benefit will be \$1,040.

**SB 1601**  
**Eason McIntyre of the Senate**  
**Liotta of the House**  
**OSEEGIB REQUEST LEGISLATION**  
**AND BLENDED RATES**  
**SUMMARY**

**Section 1.** Changes the definition of “dependent” as it relates to eligibility requirements on the HealthChoice plan(s). The change being made removes the “student status” requirement for a dependent under the age of twenty five (25) and replaces that to mirror the federal definition of any employees’ spouse or unmarried child under the age of twenty three (23).

**Section 2.** Allows the Governor to appoint one or more qualified individuals as an alternate to serve on the OSEEBIB grievance panel in the event the Governor’s primary appointee becomes unable to serve. This change will allow for more continuity for the member(s). Currently, if the Governor’s appointee cannot attend the panel hearings they must be rescheduled with short notice given to the member.

**Section 3.** Clean up language changing the reference to HMO licensure from the Department of Health to the Insurance Commissioner.

**Section 3.** Blends the health insurance rates for active and pre-Medicare retirees. **The current cost of blending based on 2006 rates would have been approximately \$14.9 million**

**Section 4.** Provides for a “Grandfather” provision for those dependents currently covered by HealthChoice that is over the age of twenty-two (22) years and under the age of twenty-five (25) years; and continues on “student status”.

**Section 5.** Clean up language changing the word “current” to the word “active” in referencing employees.

**Section 8.** Further language blending the rates of active and pre-Medicare retirees.

**Section 9.** Removes the requirement for the OSEEGIB population to submit an annual election. This will allow for default enrollment which had always been done at OSEEGIB.

## **QUESTIONS & ANSWERS REGARDING SENATE BILL 1601**

### **Q1: How will OSEEGIB's definition of a dependent change as of July 1, 2006?**

A1: Under SB 1601 and effective July 1, 2006, "Dependent" means an employee's spouse or any unmarried child:

- 1) under the age of twenty-three (23) years, regardless of residence, provided that the employee is primarily responsible for their support, including
  - a) an adopted child and
  - b) a stepchild or child who lives with the employee in a regular parent-child relationship, or
- 2) regardless of age who is incapable of self-support because of mental or physical incapacity that existed prior to reaching the age of twenty-three (23) years.

Any dependent shall be allowed to remain covered as a dependent under the State and Education Employees Group Insurance Act up to the age of twenty-five (25) years if the dependent:

- 1) Is covered as an unmarried dependent under the State and Education Employees Group Insurance Act on the day immediately preceding the effective date of this act,
- 2) Remains unmarried and is over the age of twenty-two (22) years and under the age of twenty-five (25) years;
- 3) Is dependent upon the employee for support and enrolled as a full-time student at an accredited secondary school, college, university, or institution of higher learning accredited by the State Department of Education, State Board of Career and Technology Education, Oklahoma State Regents for Higher Education, or the Oklahoma Board of Private Vocational Schools; and
- 4) Has no break in coverage under the State and Education Employees Group Insurance Act from the age of twenty-three (23) years up to the age of twenty-five (25) years.

### **Q2: If Dependents were dropped prior to or upon reaching age 23 due to non-student status, when or can those dependents be re-added?**

A2: Dependents who are ages 23 and 24 cannot be re-enrolled. Those under age 23 may be re-enrolled during any of the following four time periods, but the Cover One, Cover-All rule still applies:

- During the remainder of June 2006 for an effective date of July 1 or
- During July 2006 for an effective date of August 1, 2006 or
- During August 2006 for an effective date of Sept 1, 2006 or
- During the regular, annual Option Period in the fall of 2006 for an effective date of January 1, 2007.

**Q3: If I am currently a dependent, age 21 and a full-time student, does my coverage terminate at age 23 or age 25?**

A3: Your coverage will terminate at age 23.

**Q4: What is the effective date of the new statute in SB 1601? Which date will be the qualifying event date? When must enrollment paperwork be submitted?**

A4: The effective date of the statute is July 1, 2006. This would also be considered the qualifying event date. Enrollment paperwork may be submitted during June, July, August 2006 or during the annual Option Period enrollment period. See Question 2 above for details.

**Q5: If an employee is not at work (summer break or working away from area or state) and the change affects a dependent, will OSEEGIB allow a review to add this dependent even if it's after the deadline?**

A5: No, all enrollments/reenrollments under SB 1601 must be made no later than August 31, 2006 or during the annual Option Period.

**Q6: Is there a special enrollment form that must be used regarding changes under SB 1601?**

A6: No, just use the regular Change form provided by OSEEGIB or EBC for any other midyear dependent changes. Of course, use the Option Period enrollment form during the Option Period.

**Q7: If I'm enrolled in a Section 125, Flexible Benefits Plan, will I still be able to take advantage of the new dependent definition and add my eligible dependent prior to the next Option Period? Are there Section 125 regulations that allow these midyear changes?**

A7: Yes, there are Section 125 regulations governing midyear changes. Adding an eligible dependent under SB 1601 must be determined and approved by your employer's Section 125 Plan Administrator. However, based on OSEEGIB's research and review of this situation, it appears to us that this would be an eligible and permitted midyear change.

**Q8: Can any dependents who are currently covered remain covered to age 25?**

A8: Yes, if on July 1, 2006, the dependent is unmarried, covered under the plan, and is age 22 to 24, the dependent may continue coverage until one of the following events occurs:

- 25<sup>th</sup> birthday
- marriage
- break in coverage
- election of fewer than 12 credit hours (Note: An exception is made for graduate students in a final semester with fewer than 12 credit hours)

**Q9: Will OSEEGIB's current medical review process for disabled dependents remain the same other than the age change from 19 to 23?**

A9: Yes, the medical review process will remain the same, but as of July 1, 2006, the dependent must have been totally disabled and incapable of self-support prior to the age of 23 instead of prior to age 19.

**Q10: Will there be any public communication made regarding the change of age for a disabled dependent? (from 19 to 23)**

A10: Yes, OSEEGIB plans to mail a special newsletter regarding the impact of SB 1601 to all non-EBC enrollees, and to provide the information to EBC for State employees.

**Q11: What if an employer group has more liberal eligibility guidelines than those under OSEEGIB's statutes?**

A11: A Section 125 Plan may have eligibility requirements which are more restrictive than those of a component plan (HealthChoice), but less restrictive rules cannot override those of the component plan.

**Q12: Will the ICs and members continue to receive the notifications that the dependents need to be dropped? This involves those dependents who are grandfathered who are reaching age 25 as well as those dependents who will eventually reach age 23.**

A12: Prior to age 23, a letter will be sent to ICs and to the member. A notice will be sent to members reaching age 25.

**Q13: Will the ICs and members receive any notice that dependents are covered past age 18?**

A13: Yes, both the IC and members will be notified that dependents will not be dropped at age 19.

**Q14: Under SB 1601, is it correct that my unmarried dependents over age 18 who are primarily dependent on me for support can remain on my coverage until their 23 birthday, even if they are not students?**

A14: Yes, effective July 1, 2006 that is correct.

**Q15: Since my dependent turns 19 in June 2006 and I have already received a notice about her losing coverage at the end of June, what can I do to keep her insured until her 23<sup>rd</sup> birthday?**

A15: In this particular case, no action from you is necessary since OSEEGIB does not intend to terminate dependents reaching age 19 in June 2006. She should have continuous coverage until age 23.

**Q16: Will the new law allow me to re-enroll my unmarried, under age 23 dependent who was dropped from coverage last year because he was not in school?**

A16: Yes, you may now re-enroll that eligible dependent for coverage since student status is no longer a consideration for a newly enrolled or re-enrolled dependent, but preexisting condition provisions may apply.

**Q17: Once my dependent reaches age 23 (or if grandfathered up to age 25) will he/she be eligible to apply for continuation of coverage on an individual basis under the federal COBRA law?**

A17: Yes, by completing COBRA paperwork and paying an individual premium plus 2%.

**Q18: Can I re-enroll my 21-year-old son who is now divorced?**

A18: Yes, but only if you can provide documented proof that he is now primarily dependent upon you for financial support. OSEEGIB rules [360: 10-3-24 (9)] require (1) the insured [to] submit a copy of his most recent federal income tax return showing the child was listed as the insured's dependent for income tax deduction purposes; and (2) if the last federal income tax form requested above does not list the child, the insured shall be required to provide a Declaration of Dependency form prescribed by the Plan and (3) coverage, when approved, shall

begin on the first day of the month following approval, and will never apply retroactively.

**Q19: Even though OSEEGIB rules for enrollment of retirees' dependents are different from those for actives, will any retiree dependents who are 19 or under age 23 and financially dependent, be allowed to enroll under SB 1601?**

A19: Yes, but the enrollment paperwork must be submitted no later than August 31, 2006 or during the 2006 Option Period which is a one-time-only retiree window.

**Q20: Does SB 1601 change any other benefit age limits such as orthodontia or health examinations?**

A20: No. Age limits on benefits are established for medical reasons and are not connected to this legislation. Thus, as examples, the age limits for fluoride treatments, sealants for permanent teeth, orthodontia, space maintainers, hearing aids and routine examinations for children and adults will remain at their current level.

**Q21: Under SB 1601, will there continue to be consideration given to requests for waiver of student status for any grandfathered dependents who may experience extended illness or accident between the ages of 23 and 25?**

A21: Yes, with proper documentation, those requests will still be considered for students covered under the grandfathered provision.

(Rev. 6-22-06)

## 2006 Human Resources Legislation

### Agency Briefing

July 12, 2006

#### Compensation

**Senate Bill 1686**  
**Lerblance/Liotta**

Enrolled SB 1686 clarifies that all state employers have the discretion of offering state employees that must work on a holiday the option of rescheduling the holiday or being paid two times the employee's regular hourly rate. State employees with fire suppression duties must receive holiday pay at two times the employee's regular hourly rate.

**Senate Bill 82XX**

*Amends 74:840-2.15; effective July 1, 2006.*

Section 11 of Enrolled SB 82XX of the Second Extraordinary Session provides a 5% annualized salary increase for all full-time and part-time employees. *Raises effective 10/01/06.*

The bill also increases salary ranges for the Department of Public Safety, including Commissioner and Assistant Commissioner, the Highway Patrol Division, the Lake Patrol Section, the Capitol Patrol Section, the Communications Section, and the Driver License Examining Division. It also sets annual salary ranges for positions in the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the Office of the Chief Medical Examiner, and the Oklahoma State Bureau of Investigation. *Salaries effective 1/01/07.*

**House Bill 1181XX**

Enrolled HB 1181XX of the Second Extraordinary Session provides a 5% increase to the salary range of the directors of non-appropriated state agencies, boards, commissions, departments, and programs with the Board of Dentistry and the State Board of Osteopathic Examiners receiving specific adjustments.

*Effective 7/01/06.*

#### Leave

**Senate Bill 1088**  
**Bass/Coody**

Enrolled SB 1088 increases the amount of paid military leave for which state employees who are called to duty in the US military and its reserve components are eligible to receive. Currently, employees receive their full regular pay for the first 20 workdays in the federal fiscal year; SB 1088 increases the number of workdays of full regular pay to 30 for all military reserves.

*Amends 72:48; effective May 23, 2006.*

**Senate Bill 1361**  
***Leftwich/Terrill***

Enrolled SB 1361 extends the 30-day leave of absence for state employees in the National Guard to include all branches of the US military.

*Amends 44:209; effective October 1, 2006.*

**Senate Bill 1581**  
***Leftwich/Terrill***

Section 2 of Enrolled SB 1581 permits state employees with fire protection, law enforcement, or Department of Corrections duties to receive compensation for excess leave at the regular rate of pay when they are unable to use excess leave because the leave is denied due to emergency circumstances that threaten public safety, health or welfare.

*Amends 74:840-2.20; effective July 1, 2006.*

**Skill-Based Pay**

**Senate Bill 1831**  
***Johnson/Peters***

Enrolled SB 1831 states that skill-based adjustments implemented on or after 11/0/06 are paid to an employee as long as the employee remains in the position utilizing the skills. The adjustment is not to be included as part of the employee's base salary.

*Amends 74:840-2.17; effective November 1, 2006.*

**Miscellaneous**

**House Bill 2125**  
***Wright/Easley***

Enrolled HB 473 changes the name of the State Agency Review Committee to the Oversight Committee for the State Employee Charitable Contributions and recreates the Committee for another six years.

*Amends 74:7003, 7005, 7007-7009; effective November 1, 2006.*