

2015 Regular Session

SENATE BILL NO. 260

BY SENATORS BROOME AND CLAITOR

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

GROUP BENEFITS PROGRAM. Provides for the organization of the Office of Group Benefits. (1/1/16)

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AN ACT

To amend and reenact R.S. 42:802(B)(7), 881, and 882(A), (B), (D), and (E), and to enact R.S. 39:21.3(G), R.S. 42:802(D), and 881(B), relative to the Office of Group Benefits; to provide for oversight of the Office of Group Benefits; to provide for estimating the operational and actuarial costs of group benefits program; to provide for the membership and duties of the Group Benefits Estimating Conference; to provide for the duties of the Group Benefits Policy and Planning Board; to provide for the membership of the Group Benefits Policy and Planning Board; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 39:21.3(G) is hereby enacted to read as follows:

§21.3. Consensus estimating conferences; duties and principals

\* \* \*

**G. Group Benefits Estimating Conference.**

**(1) Duties. The Group Benefits Estimating Conference shall develop or gather official information relating to group health and life insurance planning, premium rates, and budgeting as is determined by the conference principals to**

1 be needed for the state planning and budgeting system.

2 (2) Principals. The principals of the Group Benefits Estimating  
3 Conference are as follows:

4 (a) A member of the professional staff of the office of the governor to be  
5 appointed by the governor.

6 (b) A member of the professional staff of the division of administration  
7 to be appointed by the commissioner of administration.

8 (c) A member of the professional staff of the legislature who shall have  
9 fiscal expertise to be appointed by the president of the Senate.

10 (d) A member of the professional staff of the legislature who shall have  
11 fiscal experience to be appointed by the speaker of the House of  
12 Representatives.

13 (e) A member of the professional staff of the Office of Group Benefits  
14 who shall have fiscal experience to be appointed by the commissioner of  
15 administration.

16 (f) An individual with a minimum of five years professional experience  
17 or fiscal expertise in the industries of health insurance, actuarial services,  
18 financial services, or banking to be selected by the other principals from a list  
19 of no more than two names submitted by each of the following: the  
20 commissioner of insurance, the commissioner of financial institutions, and the  
21 legislative auditor.

22 (3) Principal to preside over meetings. The principal representing the  
23 office of the governor shall preside over sessions of the conference.

24 \* \* \*

25 Section 2. R.S. 42:802(B)(7), 881, and 882(A), (B), (D), and (E) are hereby amended  
26 and reenacted and R.S. 42:802(D), and 881(B) are hereby enacted to read as follows:

27 §802. Powers and duties; Office of Group Benefits

28 \* \* \*

29 B. In addition, the office shall have the following powers and duties:

\* \* \*

(7) ~~To~~ Subject to the board's review and recommendation, to establish premium rates, under the direction of the commissioner of administration and in consultation with actuaries for the life, health, and other benefit programs offered through the office. The commissioner of administration, the Office of Group Benefits chief executive officer, and the Policy and Planning Board shall also use any official information developed, gathered, and presented to the parties by the Group Benefits Estimating Conference in the development of premium rates.

\* \* \*

D.(1) Notwithstanding any other provision of this Section to the contrary, any new plan of benefits or the annual plan of benefits submitted under the direction of the commissioner of administration for the life, health, and other benefit programs offered through the Office of Group Benefits or any professional, personal, and social services contracts other than contracts for legal services or actuarial services negotiated through the Office of Group Benefits under the provisions of Chapter 17 of Subtitle III of Title 39 of the Louisiana Revised Statutes of 1950 as provided in Subsection A and Paragraph (B)(8) of this Section or any contracts in connection therewith shall be subject to review and final approval by the appropriate standing committees of the legislature having jurisdiction over review of agency rules by the Office of Group Benefits as designated by R.S. 49:968(B)(21)(c), or the subcommittees on oversight of such standing committees, and the office of state procurement of the division of administration.

(2) The implementation of these programs or contracts in connection therewith shall constitute a rule as defined by R.S. 49:951(6) and shall be adopted and implemented through the procedures set forth in the Administrative Procedure Act.

(3) Additionally, any adjustments to such contracts in the amount of one million dollars or more shall require the review and approval of the oversight

1 committees before the modified contracts may be implemented. Such  
 2 adjustments shall indicate the fiscal impact to the plan of benefits as well as the  
 3 rate structure, if any, over the subsequent three years or maximum contract  
 4 period.

5 \* \* \*

6 §881. Establishment of the Group Benefits Policy and Planning Board

7 A. There is hereby established the Group Benefits Policy and Planning Board  
 8 within the Office of Group Benefits. The board shall review **and recommend** life  
 9 and health benefit programs offered to eligible employees, **including the proposed**  
 10 **rate structure which will support the life and health benefit plan.** ~~Annually,~~ At  
 11 least annually, the chief executive officer shall submit any proposed changes to the  
 12 **rate structure and the associated** life and health benefits programs to the board to  
 13 review **and recommend** prior to the final adoption of the plan. **The plan submitted**  
 14 **by the chief executive officer shall include an estimate of the costs and an**  
 15 **estimated rate structure for a three year period.** The board shall submit a written  
 16 report to the **commissioner of administration, the chief executive officer of the**  
 17 **Office of Group Benefits, and the** appropriate legislative oversight committees,  
 18 including any comments and recommendations regarding modifications to such  
 19 proposed **benefit plans and the associated rates.**

20 B. **The Group Benefits Policy and Planning Board shall use any official**  
 21 **information provided by the Group Benefits Estimating Conference as may be**  
 22 **necessary in the review and approval of benefits plans and proposed rate**  
 23 **structures required by this Section.**

24 §882. Composition of board

25 A. Membership and qualifications. The board shall be composed of ~~sixteen~~  
 26 **eleven voting** members, ~~fifteen of whom shall be voting members,~~ as follows:

27 (1) ~~One member of the House of Representatives~~ **Three members who shall**  
 28 **be** appointed by the speaker of the House ~~who shall be a voting member~~ **each of**  
 29 **whom shall have a minimum of five years professional experience or fiscal**

1 expertise in the industries of health insurance, actuarial services, financial  
2 services, or banking and shall be submitted to the Senate for confirmation.

3 (2) ~~One member of the Senate~~ Three members who shall be appointed by  
4 the president of the Senate ~~who shall be a voting member~~ each of whom shall have  
5 a minimum of five years professional experience or fiscal expertise in the  
6 industries of health insurance, actuarial services, financial services, or banking  
7 and shall be submitted to the Senate for confirmation.

8 (3) ~~The commissioner of insurance or his designee, who shall be a nonvoting~~  
9 ~~member.~~

10 (4) ~~Five members~~ Three members who shall be appointed by the governor  
11 from individuals from the private sector, who shall be voting members, as follows:  
12 each of whom shall have a minimum of five years professional experience or  
13 fiscal expertise in the industries of health insurance, actuarial services, financial  
14 services, or banking and shall be submitted to the Senate for confirmation.

15 (a) ~~Three such members shall be appointed, one from each of the following~~  
16 ~~occupations or professions:~~

17 (i) ~~An employee health care/employee benefits specialist.~~

18 (ii) ~~A certified public accountant.~~

19 (iii) ~~A licensed health and life insurance agent.~~

20 (b) ~~Two members shall be appointed from the private sector at large.~~

21 (c) ~~At least one of the members appointed as provided in this Paragraph shall~~  
22 ~~be a member of a minority race.~~

23 (5) ~~(4)~~ Two members who shall be elected by retired participants in the health  
24 benefits programs offered by the Office of Group Benefits and who shall be voting  
25 members, as follows:

26 (a) One retiree member who shall be elected from among retired teachers or  
27 other retired school employees.

28 (b) One retiree member who shall be elected from among retired state  
29 employees.

1 (c) Members elected as provided in this Paragraph shall have been continuous  
2 full-time employees for a minimum of five years as a state employee or as a teacher  
3 or other school employee, respectively, **and shall be submitted to the Senate for**  
4 **confirmation.**

5 ~~(6)(a) Six members who shall be elected by participants in health benefits~~  
6 ~~programs offered by the Office of Group Benefits, and who shall be voting members,~~  
7 ~~as follows:~~

8 ~~(i) One member who shall be elected from among the personnel of the public~~  
9 ~~institutions of higher education in the state.~~

10 ~~(ii) One member who shall be elected from among the teachers or other~~  
11 ~~school employees of the elementary and secondary schools of the state.~~

12 ~~(iii) One member who shall be elected from among the personnel of the~~  
13 ~~Department of Health and Hospitals and the Department of Children and Family~~  
14 ~~Services.~~

15 ~~(iv) One member who shall be elected from among the personnel of the~~  
16 ~~Department of Transportation and Development.~~

17 ~~(v) One member who shall be elected from among the personnel of the~~  
18 ~~Department of Public Safety and Corrections.~~

19 ~~(vi) One member who shall be elected from among all other personnel of~~  
20 ~~state government.~~

21 ~~(b) Members elected as provided in this Paragraph shall be participants in~~  
22 ~~health programs offered by the Office of Group Benefits and shall have ten years'~~  
23 ~~work experience as a state employee, or teacher or other school employee,~~  
24 ~~respectively, or shall have at least three years' work experience in one of the~~  
25 ~~following areas: human resources, health care, employee benefits programs,~~  
26 ~~executive level management, or budget management.~~

27 B. Terms. The terms of the members of the board shall be as follows:

28 (1) Each of the members as provided in Paragraphs (A)(1); **and** (2), ~~and~~ (3)  
29 of this Section shall serve a four-year term concurrent with ~~his~~ **the** term of office **of**

1 the speaker of the House of Representatives or the president of the Senate,  
 2 respectively.

3 (2) Each of the members of the board appointed by the governor as provided  
 4 in Paragraph (A)~~(4)~~ **(3)** of this Section shall serve a term of six years. No such person  
 5 shall be appointed to serve more than two terms.

6 (3) The ~~eight~~ **two** elected members elected pursuant to ~~Paragraphs~~  
 7 **Paragraph** (A)~~(5)~~ **(4)** and ~~(6)~~ of this Section shall serve a term of six years. No such  
 8 person shall be elected to serve more than two terms. The board shall adopt rules and  
 9 regulations to govern the election of these members.

10 \* \* \*

11 D. Vacancies. (1) With the exception of the members elected pursuant to  
 12 ~~Paragraphs~~ **Paragraph** (A)~~(5)~~ **(4)** and ~~(6)~~ of this Section, any vacancy in the  
 13 membership of the board shall be filled in the same manner as the original  
 14 appointment for the remainder of the unexpired term.

15 (2) In the event of a vacancy of a member elected pursuant to ~~Paragraphs~~  
 16 **Paragraph** (A)~~(5)~~ **(4)** and ~~(6)~~ of this Section, the board shall fill the vacancy by  
 17 appointment for the unexpired portion of the term unless the unexpired portion of the  
 18 term is for a period of more than two years, in which case the appointment shall be  
 19 until a successor is elected to fill the unexpired portion of the term. Such  
 20 appointments and elections shall be in accordance with rules adopted and  
 21 promulgated by the board **and subject to confirmation by the Senate.**

22 E. Attendance. In the event that any member of the board is absent from three  
 23 consecutive scheduled board and committee meetings, the board shall declare a  
 24 vacancy in that position. Such vacancy shall be filled as provided in Subsection D  
 25 of this Section. Nothing in this Subsection shall be construed to prohibit the  
 26 reappointment or reelection of any person removed under these provisions. ~~This~~  
 27 ~~Subsection shall not apply to the member as provided in Paragraph (A)(3) of this~~  
 28 ~~Section.~~

29 Section 3. This Act shall become effective on January 1, 2016; if vetoed by the

1 governor and subsequently approved by the legislature, this Act shall become effective on  
 2 January 1, 2016, or on the day following such approval by the legislature, whichever is later.

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The original instrument was prepared by Jay Lueckel. The following digest, which does not constitute a part of the legislative instrument, was prepared by Ann S. Brown.

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## DIGEST

SB 260 Reengrossed

2015 Regular Session

Broome

Present law provides for consensus estimating conferences and provides for their duties and principals.

Proposed law retains present law and provides for the creation of the Group Benefits Estimating Conference. Proposed law provides for the duties and principals of the Group Benefits Estimating Conference. The Conference principals are as follows:

1. A professional member of the governor's staff appointed by governor.
2. A professional member of the commissioner of administration's staff appointed by COA.
3. A professional member of the legislature appointed by the president of Senate appointed by the president.
4. A professional member of the legislature appointed by the speaker of the House, appointed by the speaker.
5. A professional member of OGB appointed by the commissioner.
6. An individual member with five years professional experience or fiscal expertise in health insurance, actuarial services, financial services, or banking industries to be selected from list of names submitted by the commissioner of insurance, the commissioner of financial institutions, and the Legislative Auditor.

Proposed law provides for the duties and principals of the Group Benefits Estimating Conference.

Present law provides for the powers and duties of the Office of Group Benefits.

Proposed law retains present law and adds that the commissioner of administration shall use any official information developed by the Group Benefits Estimating Conference in the development of premium rates.

Proposed law also provides that any new plan of benefits or the annual plan of benefits submitted by the commissioner of administration through the Office of Group Benefits or any contract negotiated by the Office of Group Benefits shall be subject to review and approval by the appropriate standing committees or subcommittees of the legislature having jurisdiction over agency rules by the Office of Group Benefits and the office of state procurement of the division of administration. Provides for review of plan of benefits and contracts for professional, personal, and social services contracts other than contracts for legal services or actuarial services, including contracts modified by \$1 million or more.

Proposed law further provides that any adjustments to such contracts in the amount of one million dollars shall require review and approval of the oversight committees before implementation. Such adjustments shall show the fiscal impact to the plan of benefits as well



as the rate structure, if any, over the subsequent three years or maximum contract period.

Present law establishes the Group Benefits Policy and Planning Board and provides that it shall review life and health benefit programs offered to eligible employees.

Proposed law retains present law and adds that the board shall review and recommend the proposed rate structure that supports the life and health benefit plan.

Proposed law provides that the chief executive officer shall submit any proposed changes of the rate structure to the board which shall review and make recommendations prior to final adoption of the plan.

Proposed law provides the plan submitted by the commissioner of administration shall include an estimate of the costs and an estimated rate structure for a three-year period.

Present law requires the board to submit a written report to the appropriate legislative oversight committees regarding modifications of the proposed benefit plans.

Proposed law retains present law and adds that the board shall submit a written report to the commissioner of administration and the chief executive officer of the Office of Group Benefits in addition to the appropriate legislative oversight committees, regarding modifications of the proposed benefit plans.

Proposed law adds that the board shall use any official information provided by the Group Benefits Estimating Conference as may be necessary in the review and recommendation of benefits plans and proposed rate structures.

Present law provides for the composition of the board as sixteen members with fifteen voting.

Proposed law changes present law in regards to the board composition from sixteen members to eleven voting members. The existing membership is as follows:

1. One member of the House appointed by the speaker.
2. One member of the Senate appointed by the president.
3. The commissioner of insurance (non-voting).
4. Five members appointed by the governor from individuals in the private sector.
5. Two members elected by retired participants in the health benefits program - one from among the retired teachers or retired school employees; one from among retired state employees.
6. Six who shall be elected by participants in health benefits programs from the following agencies - higher education, teachers, DHH and DCFS, DOTD, and DPS/Corrections.

Proposed law changes present law by providing for an eleven member voting board which retains two retiree members to be elected and nine members to be appointed as follows: three members appointed by the speaker of the House of Representatives; three members appointed by the president of the Senate, and three members appointed by the governor.

Proposed law provides that each of the appointed members shall have a minimum of five years professional experience or fiscal expertise in the industries of health insurance, actuarial sciences, financial services, or banking.

Proposed law provides that terms of the members are staggered similar to existing law - legislative appointees serve four year terms; gubernatorial appointees shall serve six year terms; and the terms of the elected retiree members are six years.

Proposed law requires Senate confirmation of all appointed members, including any serving in the event of a vacancy.

Effective January 1, 2016.

(Amends R.S. 42:802(B)(7), 881, 882(A), (B), (D), and (E); adds R.S. 39:21.3(G), R.S. 42:802(D), and 881(B))

#### Summary of Amendments Adopted by Senate

##### Committee Amendments Proposed by Senate Committee on Finance to the original bill

1. Changes background requirements for House of Representatives appointee and office of Group Benefits appointee from forecasting expertise to fiscal experience.
2. Adds individual member to the Group Benefits Estimating Conference with five years professional experience or fiscal expertise in health insurance, actuarial services, financial services, or banking industries to be selected from list of names submitted by the commissioner of insurance, the commissioner of financial institutions, and the Legislative Auditor.
3. Provides for review of plan of benefits and contracts for professional, personal, and social services contracts other than contracts for legal services or actuarial services, including contracts modified by \$1 million or more.
4. Provides that the Group Benefits Policy and Planning Board will review and recommend plans of life and health benefits prior to their adoption.
5. Provides for an eleven member voting board which retains two retiree members to be elected and nine members to be appointed as follows: three members appointed by the speaker of the House of Representatives; three members appointed by the president of the Senate, and three members appointed by the governor.
6. Provides that each of the appointed members shall have a minimum of five years professional experience or fiscal expertise in the industries of health insurance, actuarial sciences, financial services, or banking.
7. Provides that the terms of the members are staggered similar to existing law - legislative appointees serve four year terms; gubernatorial appointees shall serve six year terms; and the terms of the elected retiree members are six years.

##### Senate Floor Amendments to engrossed bill

1. Requires Senate confirmation of all appointed members to the Group Benefits Policy and Planning Board.
2. Makes technical corrections.