

WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1972

ENROLLED

SENATE BILL NO. 131

(By Mr. *McCauley* President and  
*Mr. McKinnis*, original sponsor)

PASSED March 11, 1972

In Effect July 1, 1972 Passage

MAR 29 11 34 PM '72  
OFFICE OF  
SECRETARY OF STATE  
STATE OF WEST VIRGINIA

FILED IN THE OFFICE  
JOHN D. ROCKEFELLER, IV  
SECRETARY OF STATE

THIS DATE 3-29-72

Veto - 131

# ENROLLED

## COMMITTEE SUBSTITUTE

### FOR

# Senate Bill No. 131

(MR. McCOURT, MR. PRESIDENT, and MR. McKOWN,  
*original sponsors*)

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[Passed March 11, 1972; in effect July 1, 1972.]

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AN ACT to amend and reenact sections one, two, three, five, seven, nine, ten, thirteen, fifteen and eighteen, article sixteen, chapter five of the code of West Virginia, one thousand nine hundred thirty-one, as amended, relating to the short title of the "West Virginia Public Employees Insurance Act"; legislative intent; definitions of terms; composition of board; powers and duties of board generally; expenses; creation and establishment of the public employees insurance board as a body corporate; authorization to establish group hospital and surgical insurance plan, group major medical insurance plan and group life and accidental death insurance plan; separate rating for claims experience purposes; rules and regulations for administration of plans; what plans may provide; authorization to execute contracts for group hospital and surgical insurance, group major medical insurance, and group life and accidental death insurance; limitations; awarding of contracts; reinsurance; certificates for covered employees; discontinuance of contracts; contract provisions for group hospital and surgical, group major medical, and group life and accidental death insurance for retiring employees, their spouses and dependents; payment of costs by employer; schedule of insurance; special funds created; duties of treasurer with respect thereto; providing for an expense fund; and rules and regulations for administration of article.

*Be it enacted by the Legislature of West Virginia:*

That sections one, two, three, five, seven, nine, ten, thirteen, fifteen and eighteen, article sixteen, chapter five of the code

of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted, to read as follows:

**ARTICLE 16. WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE ACT.**

**§5-16-1. Short title; legislative intent.**

1 The short title by which this article may be referred to  
2 is "West Virginia Public Employees Insurance Act" and  
3 it is the express intent of the Legislature to encourage and  
4 promote a uniform partnership relation between all em-  
5 ployers and employees participating in the insurance plan  
6 or plans formulated under the provisions of this article  
7 and to hereby declare same to be a public purpose.

**§5-16-2. Definitions.**

1 The following words and phrases as used in this article,  
2 unless a different meaning is clearly indicated by the con-  
3 text, shall have the following meanings:

4 (1) "Board" means the public employees insurance  
5 board created by this article.

6 (2) "Employee" means any person, including elected  
7 officers, who works regularly full time in the service of  
8 the state and, for the purpose of this article only, the term  
9 "employee" shall also mean any person who works regu-  
10 larly full time in the service of a county board of educa-  
11 tion and any person who works regularly full time in the  
12 service of the West Virginia board of regents. Any mat-  
13 ters of doubt as to who is an employee within the mean-  
14 ing of this article shall be decided by the board.

15 (3) "Retired Employee" shall mean an employee of the  
16 state who retired after the twenty-ninth day of April, one  
17 thousand nine hundred seventy-one, and an employee of  
18 the West Virginia board of regents and a county board of  
19 education who retires after the effective date of this  
20 article.

21 (4) "Employer" means the state of West Virginia, its  
22 boards, agencies, commissions, departments, institutions  
23 or spending units and a county board of education. The  
24 term "employer" shall not include within its meaning the  
25 national guard and any other political subdivision.

**§5-16-3. Public employees insurance board created and established; body corporate.**

1 The West Virginia public employees insurance board is  
2 hereby created and established to provide group hospital  
3 and surgical insurance, group major medical insurance,  
4 and group life and accidental death insurance for all em-  
5 ployees in the manner as hereinafter provided. The board  
6 shall constitute a body corporate. All business of the  
7 board shall be transacted in the name of the West Vir-  
8 ginia public employees insurance board.

**§5-16-5. Composition of board; powers and duties of board generally; expenses.**

1 The board shall consist of:

- 2 (a) The auditor of the state by virtue of his office;
- 3 (b) The workmen's compensation commissioner;
- 4 (c) The treasurer of the state by virtue of his office.

5 The board shall hold a meeting at least twice each year  
6 and shall designate the time and place. Two board mem-  
7 bers shall constitute a quorum at any meeting of the  
8 board. Each board member shall be entitled to one vote  
9 on each question before the board. A majority of the  
10 quorum present shall be required for a decision by the  
11 board at its meetings. The board shall adopt its own  
12 rules of procedure and shall keep a record of its  
13 proceedings.

14 The board shall be responsible for the administration  
15 and management of the public employees insurance sys-  
16 tem as provided for in this article and in connection  
17 therewith shall have the power and authority to make  
18 all rules and regulations necessary to effectuate the pro-  
19 visions of this article, except as is otherwise specifically  
20 provided in this article.

21 No member of the board shall receive any compensation  
22 for serving as such; however, each member of the board  
23 shall be reimbursed for all reasonable and necessary ex-  
24 penses actually incurred by him in carrying out his  
25 duties as a member of the board.

**§5-16-7. Authorization to establish group hospital and surgical insurance plan, group major medical insurance plan and group life and accidental death insurance plan; rules and regulations for administration of plans; what plans may provide; separate rating for claims experience purposes.**

1 The board is hereby empowered and authorized to  
2 establish a group hospital and surgical insurance plan or  
3 plans, a group major medical insurance plan or plans, and  
4 a group life and accidental death insurance plan or plans  
5 for those employees herein made eligible, and to establish  
6 and promulgate rules and regulations for the administra-  
7 tion of such plans, subject to the limitations contained in  
8 this article. Such plans may provide for group hospital  
9 and surgical and group major medical insurance against  
10 the financial cost of hospitalization, surgical and medical  
11 treatment and care, and may also include, among other  
12 things, prescribed drugs, medicines, prosthetic appliances,  
13 hospital inpatient and outpatient service benefits, and  
14 medical expenses and indemnifying benefits, and group  
15 life and accidental death insurance, and such other cover-  
16 age and benefits deemed appropriate and desirable by  
17 the board.

18 The board may cause to be separately rated for claims  
19 experience purposes (1) all employees of the state of West  
20 Virginia, (2) all teaching and professional employees of  
21 the West Virginia board of regents, county boards of  
22 education, (3) all nonteaching employees of the West  
23 Virginia board of regents and county boards of education  
24 or (4) any other categorization which would insure the  
25 stability of the overall program.

**§5-16-9. Authorization to execute contracts for group hospital and surgical insurance, group major medical insurance, and group life and accidental death insurance; limitations; awarding of contracts; re-insurance; certificates for covered employees; discontinuance of contracts.**

1 The board is hereby given exclusive authorization to  
2 execute such contract or contracts as are necessary to

3 carry out the provisions of this article and to provide the  
4 plan or plans of group hospital and surgical insurance  
5 coverage, group major medical insurance coverage, and  
6 group life and accidental death insurance coverage se-  
7 lected in accordance with the provisions of this article,  
8 such contract or contracts to be executed with one or  
9 more agencies, corporations, insurance companies or  
10 service organizations licensed to sell group hospital and  
11 surgical insurance, group major medical insurance, and  
12 group life and accidental death insurance in this state.

13 The group life and accidental death insurance herein  
14 provided for shall not exceed an amount equal to the  
15 annual salary of the employee to the nearest one thousand  
16 dollar multiples and under no circumstances shall the  
17 amount of the group life and accidental death insurance  
18 exceed ten thousand dollars for any one employee. The  
19 amount of the group life and accidental death insurance  
20 to which an employee would otherwise be entitled shall  
21 be reduced by fifty percent upon such employee attaining  
22 age sixty-five.

23 All of the insurance coverage to be provided for under  
24 this article may be included in one or more similar con-  
25 tracts issued by the same or different carriers.

26 The provisions of article three, chapter five-a of this  
27 code, relating to the division of purchases of the depart-  
28 ment of finance and administration, shall not apply to any  
29 contracts for any insurance coverage authorized to be  
30 executed under the provisions of this article; however,  
31 before entering into any contract for any insurance cover-  
32 age, as herein authorized, said board shall invite compe-  
33 tent bids from all qualified and licensed insurance com-  
34 panies or carriers, who may wish to offer plans for the  
35 insurance coverage desired. The board shall deal directly  
36 with insurers in presenting specifications and receiving  
37 quotations for bid purposes. No commission or finder's  
38 fee, or any combination thereof, shall be paid to any in-  
39 dividual or agent; but this shall not preclude an under-  
40 writing insurance company or companies, at their own  
41 expense, from appointing a licensed resident agent, within  
42 this state, to service the companies' contracts awarded

43 under the provisions of this article. Commissions reason-  
44 ably related to actual service rendered for such agent or  
45 agents may be paid by the underwriting company or com-  
46 panies: *Provided*, That in no event shall payment be  
47 made to any agent or agents when no actual services are  
48 rendered or performed. The board shall award such con-  
49 tract or contracts on a competitive basis. In awarding  
50 the contract or contracts the board shall take into ac-  
51 count the experience of the offering agency, corporation,  
52 insurance companies or service organization in the group  
53 hospital and surgical insurance field, group major medical  
54 insurance field, and group life and accidental death in-  
55 surance field, and its facilities for the handling of claims.  
56 In evaluating these factors, the board may employ the  
57 services of impartial, professional insurance analysts or  
58 actuaries or both. Any contract executed by the board  
59 with a selected carrier shall be a contract to govern all  
60 eligible employees subject to the provisions of this article.  
61 Nothing contained in this article shall prohibit any in-  
62 surance carrier from soliciting employees covered here-  
63 under to purchase additional hospital and surgical, major  
64 medical or life and accidental death insurance coverage.

65 The board may authorize the carrier with whom a pri-  
66 mary contract is executed to reinsure portions of such  
67 contract with other carriers which elect to be a reinsurer  
68 and who are legally qualified to enter into a reinsurance  
69 agreement under the laws of this state.

70 Each employee who is covered under any such contract  
71 or contracts shall receive a certificate setting forth a fee  
72 schedule of the hospital, surgical or medical benefits to  
73 which such employee, his spouse and his dependents are  
74 entitled hereunder, to whom such benefits shall be pay-  
75 able, to whom claims shall be submitted, and a summary  
76 of the provisions of any such contract or contracts as they  
77 affect the employee, his spouse and his dependents.

78 The board may at the end of any contract period dis-  
79 continue any contract or contracts it has executed with  
80 any carrier and replace the same with a contract or con-  
81 tracts with any other carrier or carriers meeting the re-  
82 quirements of this article.

**§5-16-10. Contract provisions for group hospital and surgical, group major medical, and group life and accidental death insurance for retiring employees, their spouses and dependents.**

1 Any contract or contracts entered into hereunder may  
2 provide for group hospital and surgical, group major  
3 medical, and group life and accidental death insurance  
4 for retiring employees and their spouses and dependents  
5 as defined by rules and regulations of the board, and on  
6 such terms as the board may deem appropriate.

7 In the event the board provides the above benefits for  
8 retiring employees, their spouses and dependents, the  
9 board shall adopt rules and regulations prescribing the  
10 conditions under which retiring employees may elect to  
11 participate in or withdraw from the plan or plans. Any  
12 contract or contracts herein provided for shall supplement  
13 any hospital, surgical, major medical or health insurance  
14 plan administered by the United States department of  
15 health, education and welfare to which the employee,  
16 spouse or dependent may be eligible under any law or  
17 regulation of the United States.

**§5-16-13. Payment of costs by employer; schedule of insurance; special funds created; duties of treasurer with respect thereto.**

1 The state shall pay for each employee a monthly sum  
2 for all insurance coverage provided in this article as set  
3 forth in the following schedule of insurance:

	Payment by State:*		Amount of Coverage for:	
	Em- ployee Only	Employee And Family	Life	Accidental Death and Dismem- berment
Annual Compensation				
Less than \$1,500	\$ 9.34	\$25.09	\$1,000	\$1,000
\$1,500 but less than 2,500	9.93	25.68	2,000	2,000
2,500 but less than 3,500	10.51	26.26	3,000	3,000
3,500 but less than 4,500	11.10	26.85	4,000	4,000
4,500 but less than 5,500	11.69	27.44	5,000	5,000
5,500 but less than 6,500	12.28	28.03	6,000	6,000
6,500 but less than 7,500	12.87	28.62	7,000	7,000
7,500 but less than 8,500	13.45	29.20	8,000	8,000



18	8,500 but less than 9,500	14.04	29.79	9,000	9,000
19	9,500 and over	14.63	30.38	10,000	10,000

20 \*For the full plan of benefits in each salary classification  
 21 relating to group hospital and surgical insurance, group  
 22 major medical insurance, and group life and accidental  
 23 death insurance.

24 The Legislature shall appropriate annually from the  
 25 general revenue fund such sums as may be required to  
 26 pay the state's proportionate share of the premium costs  
 27 of those spending units operating from the general reve-  
 28 nue fund, and each spending unit operating from special  
 29 revenue funds, or federal funds, or both, shall pay to  
 30 the board their proportionate share of premium costs  
 31 from their personal services budget.

32 The portion of the premium or cost attributable to all  
 33 insurance coverage provided hereunder and not paid by  
 34 the state shall be paid by the employee, and in no event  
 35 shall the employee's contribution exceed thirty percent  
 36 of the cost of the employee's insurance package.

37 The employee's proportionate share of the premium or  
 38 cost shall be withheld or deducted by the employer from  
 39 such employee's salary or wages as and when paid and  
 40 such sums shall be forwarded to the board with such  
 41 supporting data as the board may require.

42 All moneys received by the board shall be deposited in  
 43 a special fund or funds as are necessary in the state  
 44 treasury and the treasurer of the state shall be custodian  
 45 of such fund or funds and shall administer such fund or  
 46 funds in accordance with the provisions of this article or  
 47 as the board may from time to time direct. The treasurer  
 48 shall pay all warrants issued by the state auditor against  
 49 such fund or funds as the board may direct in accordance  
 50 with the provisions of this article.

#### **§5-16-15. Expense fund.**

1 The Legislature shall annually appropriate such sums  
 2 as may be necessary to pay the proportionate share of  
 3 the administrative costs for the state as an employer, and  
 4 each division, agency, board, commission or department  
 5 of the state which operates out of special revenue funds  
 6 or federal funds or both shall pay its proportionate share

7 of the administrative costs of the insurance plan or plans  
8 authorized under the provisions of this article.

9 A county board of education shall pay no administrative  
10 costs other than those related to the withholding or de-  
11 ducting of an employee's proportionate share of the pre-  
12 mium or cost for the insurance plan or plans herein  
13 authorized.

**§5-16-18. Rules and regulations for administration of article.**

1 The board shall promulgate such rules and regulations  
2 as may be required for the effective administration of the  
3 provisions of this article. All rules and regulations of the  
4 board and all hearings held by the board shall be promul-  
5 gated and held in accordance with the provisions of  
6 chapter twenty-nine-a of the code.

7 Such regulations shall provide that any employee of  
8 the state who has been compelled or required by law to  
9 retire before reaching the age of sixty-five years shall be  
10 eligible for coverage at their own expense for the total  
11 cost of coverage, as provided under this article, and the  
12 dependents of any deceased member shall be entitled to  
13 continue their participation and coverage upon payment  
14 of the total cost for such coverage. Any employee who  
15 voluntarily retires, as provided by law, shall be eligible  
16 to participate in the public employees health insurance  
17 program at his own expense for the total cost of such  
18 coverage.

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Russell H. Beall  
Chairman Senate Committee

Phyllis J. Rutledge  
Chairman House Committee

Originated in the Senate.

To take effect July 1, 1972.

Howard Wilson  
Clerk of the Senate

Cl. Blenkinship  
Clerk of the House of Delegates

Edw. P. Cant  
President of the Senate

Louis R. M. Manner  
Speaker House of Delegates

The within disapproved this the 27th  
March  
day of \_\_\_\_\_, 1972.

Arch A. Shaver Jr.  
Governor

PRESENTED TO THE  
GOVERNOR

Date 3/17/72

Time 12:30 p.m.