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JOHN D. ROCKEFELLER, IV
GOVERNOR

PUBLIC EMPLOYEES INSURANCE BOARD

Embleton Building, Second Floor
922 Quarrier Street
Charleston, West Virginia 25301
Telephone (304) 348-7850

FILED IN THE OFFICE OF
A. JAMES MANCHIN
SECRETARY OF STATE
THIS DATE 12-20-82

NOTICE OF PUBLIC HEARING

Pursuant to Section five, Article three, Chapter twenty-nine-A of the Code of West Virginia, one thousand nine hundred thirty-one, as amended, the West Virginia Public Employees Insurance Board shall convene a public hearing in the Conference Center, Capitol Complex, Charleston, West Virginia on Monday, January 24, 1983, at 5:00 p.m., for the purpose of taking evidence pertaining to the filing of proposed Legislative and Procedural Rules.

Any citizen or other interested party may appear in person to present evidence. Any citizen or other interested party may submit written evidence to the West Virginia Public Employees Insurance Board, 922 Quarrier Street, Embleton Building, Second Floor, Charleston, West Virginia 25301, not later than Friday, January 21, 1983.

The issues to be heard shall be limited to the actual information contained in the proposed and above mentioned Legislative and Procedural Rules. Copies of these proposed rules may be obtained from the West Virginia Public Employees Insurance Board, address heretofore appearing or by telephoning the Board at (304) 348-7850.

Cliff F. Malley, Jr.
Executive Secretary

Entered

PROPOSED LEGISLATIVE RULES
WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE ACT

Chapter 5-16-1 et seq.
Series I
(1982)

FILED IN THE OFFICE OF
JAMES MANCHIN
SECRETARY OF STATE
THIS DATE 12-20-82
Administrative Law Division

Subject: Legislative rules pertaining to the general administration of
the West Virginia Public Employees Insurance Plan.

CONTENTS

- Section 1. General
 - 1.01. Scope
 - 1.02. Authority
 - 1.03. Filing Date
 - 1.04. Effective Date
 - 1.05. Amendments to Rules
- Section 2. Definitions
 - 2.01. Definitions
- Section 3. Establishment and Implementation of the Plan
 - 3.01. Preliminary Negotiations
 - 3.02. Determination of Participants
 - 3.03. Benefits
 - 3.04. Informational Material
 - 3.05. Bids
- Section 4. Participation in the Plan
 - 4.01. Employee Participation
 - 4.02. Retiree Participation
 - 4.03. Dependents of Deceased Covered Members Participation
 - 4.04. Miscellaneous
- Section 5. Termination of Coverage
 - 5.01. Voluntary Termination
 - 5.02. Involuntary Termination Prior to March 13, 1982
 - 5.03. Involuntary Termination On or After March 13, 1982
 - 5.04. Payment of Costs During Period of Continued Coverage.
 - 5.05. Re-employment After Involuntary Termination
 - 5.06. Responsibility of Payroll Location
- Section 6. Appeals Process
- Section 7. Non-State Agencies
 - 7.01. Participation Agreement

CONTENTS
(cont)

- 7.02. Withdrawal from the Plan
- 7.03. Participation Fee
- 7.04. Prior Charges

- Section 8. Health Maintenance Organizations
 - 8.01. The HMO Option
 - 8.02. Terminations
 - 8.03. Contributions

- Section 9. Refund Policy
 - 9.01. Agency Error
 - 9.02. Board Error

- Section 10. Administrative Expense Fund

- Section 11. Miscellaneous
 - 11.01. Subrogation
 - 11.02. Claims Records
 - 11.03. Open Enrollment

PROPOSED LEGISLATIVE RULES
WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE ACT

Chapter 5-16-1 et seq.
Series I
(1982)

Subject: Legislative rules pertaining to the general administration of the West Virginia Public Employees Insurance Plan.

Section 1. General

1.01. Scope - These rules implement the provisions of article 16, chapter 5 of the West Virginia Code of 1931, as amended, pertaining to the general administration of the West Virginia Public Employees Insurance Plan.

1.02. Authority - These rules are issued under the authority of said article 16, chapter 5, particularly section five, which authorizes and empowers the Board to make all rules and regulations necessary to effectuate the provisions of this article, section seven, which authorizes and empowers the Board to establish and promulgate rules and regulations for the administration of such plans, and section eighteen, which authorizes the Board to promulgate such rules and regulations as may be required for the effective administration of the provisions of this article.

1.03. Filing Date - These rules are promulgated on the _____ day of _____, 1982, and filed on the _____ day of _____, 1982, in the Office of the Secretary of State.

1.04. Effective Date - These rules become effective on the _____ day of _____, _____.

1.05. Amendments to Rules - Amendments to these rules may be made at any meeting of the Board, by vote of a majority of the quorum, provided

that the requirements of chapter twenty-nine-A [29A-[1 et seq.] of the West Virginia Code of 1931, as amended, are met.

Section 2. Definitions

2.01. Definitions - The terms "Board", "employee", "retired employee", and "employer", as used in these rules shall have the same definitions as these terms are given in West Virginia Code 5-16-2. The following words and phrases as used in these rules, unless a different meaning is clearly indicated by context, shall have the following meanings:

(a) "Carrier" shall mean any agency, corporation, insurance company, state fund, or service organization engaged in the business of providing insurance coverage contemplated by the Board.

(b) "Children" shall mean never married children between birth and age nineteen and shall include: (1) The employee's natural children, (2) legally adopted children, including children living with the employee during the period of probation, (3) step-children residing in the employee's household, and (4) other children fully dependent upon the employee for support and maintenance and residing in the household of which the employee is head and actually being supported by the employee. Children may be included after the attainment of age nineteen, but not beyond the attainment of age twenty-five, if they are enrolled as full-time students, have never been married, and are fully dependent upon the employee for support. Children may also be included after the attainment of age nineteen while incapable of self-support because of a mental retardation or a physical handicap, if the child was covered as a dependent at the onset of the mental retardation or physical handicap.

(c) "Dependent" shall mean the employee's spouse, if legally married, and eligible children, as defined in (b) above.

(d) "Dependent of a Deceased Covered Member" shall mean the surviving spouse and/or eligible children of a deceased employee or retiree of the State of West Virginia who died on or after February 1, 1972, and the surviving spouse and/or eligible children of a deceased employee or retiree of all other participating agencies who died on or after November 1, 1972.

(e) "Enrollment period" shall mean the period of time in which a member of an eligible group specified in section 3.02 of these rules may enroll in the Plan without submitting evidence of insurability.

(f) "Full-time" shall mean a permanent position that is considered full-time by the participating agency and that requires at least twenty hours per week or 1,040 hours per year in that position, unless otherwise exempted from this requirement by West Virginia Code.

(g) "Plan" shall mean the West Virginia Public Employees Insurance Plan.

Section 3. Establishment and Implementation of the Plan

3.01. Preliminary Negotiations - The Chairman or, at the direction of the Board, the Executive Secretary, may enter into preliminary negotiations with carriers for the purpose of obtaining information for the Board in establishing plans.

3.02. Determination of Participants

(a) All elected officials and full-time employees of the State of West Virginia, West Virginia Board of Regents, county boards of education, counties, cities and towns, and other governmental bodies so specified in the West Virginia Code 5-16-2, and their dependents as defined by these rules, may participate in the Plan, subject to the criteria set forth in section four of these rules.

(b) All employees of the State of West Virginia who retired after April 29, 1971; all employees of the West Virginia Board of Regents or of the county boards of education who retired after April 21, 1972; all employees of any county, city or other participating agency who retired after July 13, 1973; all employees who have been compelled or required by law to retire before reaching the age of sixty-five years; and thier dependents as defined by these rules may participate at their own expense for the total cost of the coverage, subject to the criteria set forth in section four of these rules.

(c) All dependents of deceased covered members, as defined by these rules, may participate at their own expense for the total cost of the coverage, subject to the criteria set forth in section four of these rules.

3.03. Benefits - The coverages provided for the various classes of participants shall be limited by the provisions of article 16, chapter 5 of the West Virginia Code of 1931, as amended, by these rules, and by the terms of the insurance contracts entered into by the Board.

3.04. Informational Material

(a) The Board shall provide to each participant informational material, in booklet or other format deemed appropriate, setting forth the benefits to which the participant is entitled, to whom such benefits shall be payable, to whom claims shall be submitted, and a summary of the provisions of any such contract or contracts as they affect the participant.

(b) Such informational material shall not, however, constitute any binding agreement or any obligation on behalf of the Board to provide services, and any interpretation by anyone other than the Board shall be invalid.

(c) The Board shall periodically prepare and distribute revised

informational material for the purpose of notifying participants of their current benefits and any significant changes in the plan provisions, policies, or procedures.

(d) In the interim period between the preparation and distribution of such revised informational material, the Board shall be responsible for notifying the participating agencies of such changes, and the participating agencies shall, in turn, be responsible for the dissemination of such information to the participants.

3.05. Bids

(a) Following the development of the plan or plans, the Board shall, in writing, invite competent bids from all carriers who are determined by the State Department of Insurance to be properly qualified and licensed to provide the desired coverage. The invitations shall prescribe the time limit for filing bids.

(b) Contracts shall be awarded by the Board within a reasonable time after the time limit prescribed by the invitations for filing bids.

Section 4. Participation in the Plan

4.01. Employee Participation

(a) Eligible employees and their dependents may enroll in the Plan by completing a form prescribed by the Board and filing same with the payroll officer of the employing agency.

(b) The enrollment period for eligible employees and their dependents shall be the month in which the employee becomes employed by a participating agency and the immediately following month.

(c) The enrollment period for newly acquired dependents of a participating employee shall, however, be the month in which the dependent becomes an eligible dependent and the immediately following month.

(d) If the enrollment forms are completed within the enrollment period, coverage shall become effective on the first day of the month following the month in which the enrollment forms are completed.

(e) If the enrollment forms are not completed within the enrollment period, evidence of insurability shall be required, except that employees and dependents who choose not to participate in the Plan because of family coverage on the spouse's plan, and who later lose their spouse by divorce or death, and who enroll in the Plan during the month the death or divorce occurs or the immediately following month shall not be required to submit evidence of insurability.

4.02. Retiree Participation

(a) Participating employees and dependents may continue in the Plan upon the employee's retirement by completing a form prescribed by the Board and filing same with the payroll officer of the agency from which the employee is retiring.

(b) The enrollment period for persons in (a) above shall be the month in which the employee retires and the immediately following month.

(c) The enrollment period for newly acquired dependents of participating retirees shall, however, be the month in which the dependent becomes an eligible dependent and the immediately following month.

(d) Non-participating employees and dependents desiring coverage in the Plan upon the employee's retirement shall be required to submit evidence of insurability.

(e) If the enrollment forms are not completed within the enrollment period, evidence of insurability shall be required.

4.03. Dependents of Deceased Covered Members Participation

(a) Dependents of deceased covered members may continue their

health coverage in the Plan, provided that they were covered as a dependent on the deceased employee's or retiree's enrollment at the time of death, by completing a form prescribed by the Board and filing same with the payroll officer of the deceased employee's agency, or in the case of a deceased retiree, with the respective retirement system.

(b) Dependents of deceased covered members that do not contemplate enrolling as surviving dependents may continue under the terms of their prior enrollment, upon payment of the monthly contribution, for three months following the end of the month in which death occurs.

(c) Newly acquired dependents of the surviving spouse shall not be permitted to enroll in the Plan, except that a surviving spouse who is pregnant at the time of death shall be permitted to enroll the newborn child(ren).

(d) Eligible dependents of participating employees or retirees who died prior to February 4, 1982 may enroll at any time without requirement of submitting evidence of insurability.

(e) Eligible dependents of participating employees or retirees who who died on or after February 4, 1982 may enroll during the month in which the participating employee or retiree died or the immediately following month without requirement of submitting evidence of insurability.

4.04. Miscellaneous

(a) The official receiving the enrollment form shall certify the eligibility of the enrollee to the Executive Secretary and shall make the appropriate provision for the deduction of premium payments.

(b) In the case of retirees, premiums shall be withheld from retirement benefits and paid to the Board by the Board of Trustees of the respective retirement system.

(c) In the event that the retirement benefits are insufficient to cover the cost of the coverage, the retiree shall be responsible for submitting the entire premium to the Public Employees Insurance Board.

(d) In the case of dependents of deceased covered members, premiums must be submitted by said dependent to the last payroll location of the deceased former member.

(e) All forms completed by the participants and forms for subsequent changes shall be transmitted to the Executive Secretary for safe-keeping.

Section 5. Termination of Coverage

5.01. Voluntary Termination - If an employee resigns voluntarily, coverage terminates at the end of the month in which the employee last appears on the payroll.

5.02. Involuntary Termination Prior to March 13, 1982 - If an employee is terminated involuntarily or in a reduction of work force prior to March 13, 1982, coverage terminates at the end of the month in which the employee last appears on the payroll.

5.03. Involuntary Termination On or After March 13, 1982 - If an employee is terminated from employment involuntarily or in a reduction of work force on or after March 13, 1982, the employee's coverage shall terminate three months from the end of the month in which the employee last appears on the payroll: Provided,

(a) That an employee discharged for misconduct shall not be eligible for continued benefits under this section.

(b) That coverage may be continued up to the maximum period of three months while administrative remedies contesting the charge of misconduct are pursued.

(c) That should the discharge for misconduct be upheld, the full cost of the continued coverage shall be reimbursed by the employee.

5.04. Payment of Costs During Period of Continued Coverage - During the period of continued coverage in section 5.03 above:

(a) An employee who has paid their share of the cost for the required twelve months prior to termination shall pay no additional amount for the continued coverage.

(b) An employee who has not paid their share of the cost for the required twelve months prior to termination shall continue paying their share of the cost, not to exceed twelve months total, to the payroll location of that prior termination, during the period of continued coverage.

5.05. Re-employment After Involuntary Termination - If an employee in section 5.03 above is again employed or recalled within twelve months of the last date on the payroll, the employee shall not be considered a new enrollee.

5.06. Responsibility of Payroll Location - The payroll location shall be responsible for the termination of employees no longer eligible for coverage under the Plan.

Section 6. Appeals Process

6.01. In the event there is a disagreement between the carrier and any insured, the insured shall first apply to the carrier for a determination of the issue.

6.02. Disagreements between the carrier and the insured which cannot be reconciled by the procedure provided by section 6.01 above, and issues arising under the provisions of article 16, chapter 5 of the West Virginia Code of 1931, as amended, or under these rules, shall be submitted in writing to the Executive Secretary for a decision.

6.03. Decisions under section 6.02 above shall be issued in writing by the Executive Secretary. The notice of the decision shall give the

parties thirty days in which to apply, in writing, to the Executive Secretary for review.

6.04. In the event that such review is requested in writing within the above specified time period, and in the event the Board deems such review necessary, the Board shall direct the Executive Secretary to request the Attorney General of the State of West Virginia to provide a qualified, impartial Hearing Examiner, or direct the Executive Secretary to provide a qualified, impartial Hearing Examiner, unless otherwise directed by the Chairman, for the purpose of rendering a determination. Decisions of the Board shall be final.

Section 7. Non-State Agencies

7.01. Participation Agreement - A participation agreement shall be executed between the participating non-state agency and the West Virginia Public Employees Insurance Board governing the participation of said non-state agency in the West Virginia Public Employees Insurance Plan.

7.02. Withdrawal from the Plan - When any participating non-state agency chooses to withdraw from or terminate the West Virginia Public Employees Insurance Plan:

(a) Written ninety days notice shall be required prior to formal withdrawal from the Plan.

(b) All non-state agency retirees participating in the Public Employees Retirement System and covered by the Public Employees Insurance Plan prior to the effective date of these rules shall remain so covered under the conditions of their present coverage.

(c) All non-state agency retirees participating in the Public Employees Retirement System and covered by the Public Employees Insurance

Plan on or after the effective date of these rules shall look to the withdrawing non-state agency for coverage.

(d) All non-state agency retirees not participating in the Public Employees Retirement System shall look to the withdrawing non-state agency for coverage.

(e) A twelve month waiting period shall be imposed by the Board for any such non-state agency choosing to re-enter the Plan.

7.03. Participation Fee - All non-state agencies admitted to the Plan on or after the effective date of these rules shall, upon their formal request to participate in the Plan or for re-admission to the Plan, have a one-time charge of twelve dollars per participating employee.

7.04. Prior Charges

(a) When any participating non-state agency chooses to withdraw from or terminate the Public Employees Insurance Plan, all covered charges incurred for expenses on dates up to 12:01 A.M. on the date of termination shall be the responsibility of the Public Employees Insurance Plan.

(b) When any non-state agency joins or rejoins the Public Employees Insurance Plan, all charges incurred prior to the date of coverage shall be payable by said non-state agency or their carrier. All covered charges incurred on or after the date of coverage shall be the responsibility of the Public Employees Insurance Plan.

Section 8. Health Maintenance Organizations (HMO)

8.01. The HMO Option - Eligible employees and dependents who live within the specified area in which a Health Maintenance Organization has been authorized to operate by the Insurance Commissioner of the State of West Virginia shall have the option of remaining with the Public Employees Insurance Plan or joining the HMO for a contract period of one year.

Should the employee choose the HMO Option:

(a) An enrollment form prescribed by the Board must be completed during the period from May 1 to June 30.

(b) A copy of the HMO application must accompany the enrollment form prescribed by the Board.

(c) The one year contract period shall be from July 1 of a given year to June 30 of the following year.

(d) The Basic life insurance coverage and the Optional life Insurance coverage may be continued under the Public Employees Insurance Plan.

8.02. Terminations

(a) If, during the course of the one year contract period while covered by the HMO plan, the insured wishes to terminate coverage under the HMO plan, written thirty days notice must be given the insuring HMO. However, the insured will not be allowed to continue health coverage under the Public Employees Insurance Plan until the end of the one year contract period, unless either the HMO becomes insolvent, or the employee is transferred outside of the area in which the HMO has been authorized to operate.

(b) If, at the end of the one year contract period, the insured wishes to terminate coverage under the HMO plan, evidence of insurability shall not be required to re-enroll for health coverage in the Public Employees Insurance Plan, provided that the employee completes a form prescribed by the Board within thirty-one days after the end of the contract period.

8.03. Contributions

(a) In the case of General Revenue accounts, the Public Employees Insurance Board shall pay to the HMO that portion of the premium that is

normally appropriated for health coverage.

(b) Any amount due the HMO in excess of the Public Employees Insurance Board premium shall be the responsibility of the employee.

(c) In the case of Special Revenue accounts, the agency shall be billed directly by the HMO.

Section 9. Refund Policy

9.01. Agency Error - Where the error occurred on the part of the participating agency:

(a) A refund due with incurred date within the current fiscal year shall be refunded during that current fiscal year from current fiscal year funds.

(b) A refunds due with incurred date in an immediately previous fiscal year and received up to and including July 31 of the current fiscal year shall be made and considered as refunds out of said immediately past fiscal year funds.

(c) A refund due with incurred date in an immediately previous fiscal year and received after July 31 of the current fiscal year shall be submitted to the Court of Claims by the participating agency.

9.02. Board Error - Where the error occurred on the part of the Public Employees Insurance Board, refunds shall be made without regard to time lapsed.

Section 10. Administrative Expense Fund

10.01. The Board shall annually determine such sums as may be necessary to pay the administrative costs of the Plan.

10.02. The Board shall request a General Revenue appropriation on a per capita basis to pay the proportionate share of such costs for each General Revenue employee.

10.03. Each division, agency, board, commission or department of the State which operates out of Special Revenue funds or federal funds or both, shall pay its proportionate share of such costs on a per capita basis, said sums due at the time any individual becomes a member of the program and payable upon a statement from the Board.

10.04. The administrative expense fee for an individual shall not be prorated in the event a member terminates membership in the program or ceases to receive benefits before the completion of a year of membership.

10.05. General membership billings will occur on July 1 of each year.

Section 11. Miscellaneous

11.01. Subrogation - In the event that benefits are paid to any insured for bodily injury caused by a third party, the Public Employees Insurance Board shall be and is hereby subrogated (substituted) with respect to any insured's right (to the extent of the value of the benefits paid) to any claim against such third party causing such bodily injury. Acceptance of such benefits hereunder shall constitute such subrogation. The insured shall, at the request of the Public Employees Insurance Board, execute and deliver to the Board such additional evidence as the Board may from time to time require. Failure to execute such evidence as may be required shall make the insured liable to the Public Employees Insurance Board for all costs and expenses heretofore incurred by it in the insured's behalf because of such bodily injury.

11.02. Claims Records - The carrier shall be responsible for the retention of original claim records for a period of five years.

11.03. Open Enrollment - All authority to establish an open enrollment shall rest with the Board.

FISCAL NOTE FOR PROPOSED RULES

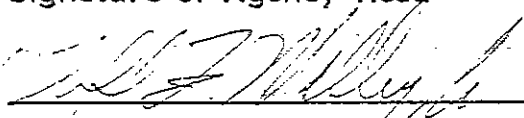
Rule No. 5-16-1 (Series I) Subject General Administration of the West Virginia Public Employees Insurance Plan.
 Type of Rule: Legislative Interpretive Procedural
 Agency WV Public Employees Insurance Board Address 922 Quarrier Street
Charleston, West Virginia 25301

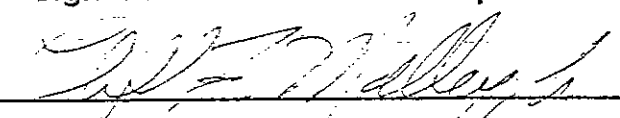
Authorized Representative Cliff F. Malley, Jr. Phone 348-7850

| 1. Effect of Proposed Rule | ANNUAL | | FISCAL YEAR | | |
|----------------------------|----------|----------|-------------|--------|------------|
| | Increase | Decrease | Current | Next | Thereafter |
| Estimated Total Cost | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- |
| Personal Services | | | | | |
| Current Expense | | | | | |
| Repairs and Alterations | | | | | |
| Equipment | | | | | |
| Others | | | | | |

2. Explanation of above estimates.
 No fiscal impact.

3. Date December 17, 1982 Agency WV Public Employees Insurance Board

Signature of Agency Head

Cliff F. Malley, Jr.

Signature of Authorized Representative

Cliff F. Malley, Jr.

STATEMENT OF ECONOMIC IMPACT OF PROPOSED RULES OR REGULATIONS

Agency WV Public Employees Insurance Board

Rule No. 5-16-1 (Series I)

Subject General Administration
of WV Public Employees
Insurance Plan.

1. Explanation of Overall Economic Impact of Proposed Rule.
 - A. Economic Impact on State Government.
No Fiscal or Economic Impact.

 - B. Economic Impact on Political Subdivisions; Specific Industries;
Specific groups of citizens.
No Fiscal or Economic Impact.

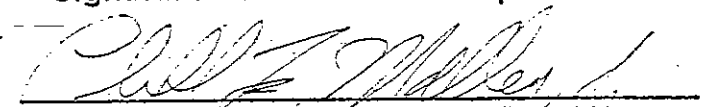
 - C. Economic Impact on Citizens/Public at Large.
No Economic Impact.

Date December 17, 1982 Agency WV Public Employees Insurance Board

Signature of Agency Head

Signature of Authorized Representative


Cliff F. Malley, Jr.


Cliff F. Malley, Jr.