

FIRST REGULAR SESSION

# HOUSE BILL NO. 765

## 94TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE DEMPSEY.

Read 1st time February 6, 2007 and copies ordered printed.

D. ADAM CRUMBLISS, Chief Clerk

1983L.01I

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### AN ACT

To repeal section 104.320, RSMo, and to enact in lieu thereof one new section relating to medical benefit funds established under the Missouri state retirement system.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Section 104.320, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 104.320, to read as follows:

104.320. **1.** For the purpose of providing retirement income and other benefits to employees of the state, there is hereby created and established a retirement system which shall be a body corporate and an instrumentality of the state, which shall be under the management of a board of trustees herein described, and shall be known as the "Missouri State Employees' Retirement System". In the system shall be vested the powers and duties specified in sections 104.010 and 104.320 to 104.800 and such other powers as may be necessary or proper to enable it, its officers, employees, and agents to carry out fully and effectively all the purposes of sections 104.010 and 104.320 to 104.800.

**2. Notwithstanding any provision of law to the contrary, the system is also authorized and empowered to provide services in connection with medical benefit funds established or maintained for state employees, retirees, and their dependents who are participants in a state medical plan administered by the Missouri consolidated health care plan established under section 103.005, RSMo, or other medical benefit plans established or maintained by the state for its employees, retirees, and their dependents. All such plans described in this section shall be welfare plans referred to as "state medical plans". The**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

16 services to be provided by the system shall include, but not be limited to, the investment  
17 of assets of such state medical plans. Such services to be provided by the system shall be  
18 provided under a trust agreement between the board, as trustee, and the state medical  
19 plan, subject to approval by the board of trustees of the Missouri state employees'  
20 retirement system and the state medical plan. The system shall be vested with the powers  
21 and duties specified in section 104.010 and sections 104.320 to 104.1093 and such other  
22 powers as may be necessary or proper to enable it, its officers, employees, and agents to  
23 carry out fully and effectively all the purposes of this subsection. Whenever the system is  
24 acting under section 104.010 and sections 104.320 to 104.1093 with respect to services  
25 provided under this subsection, the provisions of such sections shall be read to apply to  
26 services provided under this subsection and not to services provided under subsection 1 of  
27 this section.

28       3. Notwithstanding any provision of law to the contrary, the board shall set up and  
29 maintain a separate employee and retiree medical benefit trust for each state medical plan  
30 that the system contracts with under subsection 2 of this section in which shall be placed  
31 contributions made to the board by the state of Missouri, either directly or indirectly  
32 through the state medical plan, to fund benefits payable under such state medical plan. No  
33 such contributions made from the medical benefit plan's trust fund shall be transferred to  
34 the board without the approval of the medical benefits plan's governing body. All  
35 property, money, funds, investments, and rights so received and accepted by the board  
36 together with proceeds and reinvestments thereof shall be dedicated to and held in a  
37 separate trust, known as the medical benefit trust, for the exclusive purpose of satisfying  
38 the obligations of the applicable state medical plan to pay health care and other medical  
39 benefits to employee and retiree participants and their dependents under such state  
40 medical plan. At no time shall any part of a medical benefit trust be used for or diverted  
41 to any purpose other than for the exclusive purpose of satisfying the obligations of the  
42 applicable state medical plan to provide health care and other medical benefits to employee  
43 and retiree participants and their dependents, including payment of benefits on behalf of  
44 such participants under such state medical plan and payment of reasonable expenses of the  
45 medical benefit trust. The board may establish one or more trust instruments that set forth  
46 the terms and conditions for holding, investing, and distributing assets of a medical benefit  
47 trust that are consistent with subsection 2 of this section. Such medical benefit trust may  
48 be irrevocable. A separate account for a state medical plan may be established under a  
49 separate trust instrument. The board may consolidate the retiree assets of one or more  
50 medical benefits trusts in a single fund or funds (a "master trust") that may be  
51 commingled for investment purposes, and subject to the applicable trust agreement, may

52 commingle the retiree assets of one or more medical benefits trusts with assets of the system  
53 for investment purposes. In the event the board commingles assets of one or more trusts  
54 for investment purposes, it shall maintain separate bookkeeping accounts reflecting the  
55 separate share in each investment pool of each participating trust. The board shall have  
56 power to purchase, acquire, hold, invest, lend, lease, sell, assign, transfer, and dispose of  
57 all property, rights, and securities and enter into written contracts all as may be necessary  
58 or proper to carry out the purposes of this subsection and subsection 2 of this section.  
59 Whenever the system is acting under section 104.010 and sections 104.320 to 104.1093 with  
60 respect to an account established under this subsection, the provisions of such sections shall  
61 be read to apply to an account provided under this subsection and not accounts established  
62 under subsection 1 of section 104.440.

63       4. The board shall make such payments from a medical benefit trust or for the  
64 benefit of the participants in a state medical plan and their dependents at such time, in  
65 such manner, in such amounts, in such form, and for such purposes as may be specified in  
66 one or more directives by the state medical plan administrator authorized to direct  
67 payment of benefits under such state medical plan from time to time or as provided in a  
68 trust agreement governing such medical benefit trust, and the board shall have no  
69 responsibility and shall be without liability for any payment made under any such  
70 direction. The board shall be under no duty or obligation to make any inquiry or  
71 investigation as to whether any direction is made under the provisions of any state medical  
72 plan and shall not be responsible in any respect for the administration of any state medical  
73 plan. Payment in response to such direction shall be a complete discharge of the board of  
74 its responsibility for the holding and safekeeping of such assets and any assets paid over  
75 shall no longer constitute part of the medical benefit trust.

76       5. The board shall invest the funds of a medical benefit trust in the same manner  
77 as it invests funds of the retirement system as permitted by sections 105.686 to 105.690,  
78 RSMo.

79       6. The board may authorize the executive director to assist with programs and  
80 procedures pertaining to payroll for state employees and any state employee benefits as  
81 requested by the office of administration or other state agencies.

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