

Page 1071

Sec. 145.58. (A) As used in this section, "ineligible individual" means all of the following:

(1) A former member receiving benefits pursuant to section 145.32, 145.33, 145.331, 145.34, or 145.46 of the Revised Code for whom eligibility is established more than five years after June 13, 1981, and who, at the time of establishing eligibility, has accrued less than ten years, service credit, exclusive of credit obtained pursuant to section 145.297 or 145.298 of the Revised Code, credit obtained after January 29, 1981, pursuant to section 145.293 or 145.301 of the Revised Code and credit obtained after the effective date of this amendment MAY 4, 1992, pursuant to section 145.28 of the Revised Code;

(2) The spouse of such former member;

(3) The beneficiary of such former member receiving benefits pursuant to section 145.46 of the Revised Code.

(B) The public employees retirement board may enter into agreements with insurance companies, medical or health care corporations, health maintenance organizations, or government agencies authorized to do business in the state for issuance of a policy or contract of health, medical, hospital, or surgical benefits, or any combination thereof, for those persons receiving age and service RETIREMENT, OR A disability- or survivor benefits BENEFIT subscribing to the plan.

Notwithstanding any other provision of this chapter, the policy or contract may also include coverage for any eligible person's spouse and dependent children and for such of his sponsored dependents as the board determines appropriate. If all or any portion of the policy or contract premium is to be paid by any person receiving a AGE AND service

RETIREMENT, OR A disability- or survivor benefit, the person shall, by written authorization, instruct the board to deduct from his benefit the premium agreed to be paid by him to the company, corporation, or agency.

The board may contract for such coverage on the basis of part or all of the cost of the coverage to be paid from appropriate funds of the public employees retirement system. The cost paid from the funds of the system shall be included in the employer's contribution rate provided by sections 145.48 and 145.51 of the Revised Code. The board MAY BY RULE PROVIDE COVERAGE TO INELIGIBLE INDIVIDUALS IF THE COVERAGE IS PROVIDED AT NO COST TO THE RETIREMENT SYSTEM. THE BOARD shall not pay or reimburse the cost for coverage under this section or section 145.325 of the Revised Code for any ineligible individual.

The board may provide for self-insurance of risk or level of risk as set forth in the contract with the companies, corporations, or agencies, and may provide through the self-insurance method specific benefits as authorized by rules of the board.

(C) If the board provides health, medical, hospital, or surgical benefits through any means other than a health maintenance organization, it shall offer to each person eligible for such benefits the alternative of receiving benefits through enrollment in a health maintenance organization, if all of the following apply:

(1) The health maintenance organization provides services in the geographical area in which the person lives.

(2) The eligible person was receiving health care benefits through a health maintenance organization before retirement.

(3) The rate and coverage provided by the health maintenance organization to eligible persons is comparable to that currently provided by the board under division (A) of this section. If the rate or coverage provided by the health maintenance organization is not comparable to that currently provided by the board under division (A) of this section, the board may deduct the additional cost from the eligible person's monthly benefit.

The health maintenance organization shall accept as an enrollee any eligible person who requests enrollment.

The board shall permit each eligible person to change from one plan to another at least once a year at a time determined by the board.

(D) The board shall, beginning the month following receipt of satisfactory evidence of the payment for coverage, pay monthly to each recipient of service RETIREMENT, OR A disability- or survivor benefits BENEFIT under the public employees retirement system who is eligible for medical insurance coverage under part B of Title XVIII of "The Social Security Act," 79 Stat. 301 (1965), 42 U.S.C.A. 1395j, as amended, an amount equal to the basic premium for such coverage, except that the board shall make no such payment to any ineligible individual.

(E) The board shall make all necessary rules pursuant to the purpose and intent of this section.

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