§ 92-a. Medical, surgical and hospital services or insurance for officers, employees and retired officers and employees of public corporations and their families. 1. As used in this section, the term "public corporation" shall mean a municipal corporation, a district corporation, a school district, a consolidated health district and a county or town special district or a joint special district, governed by a separate board of commissioners. Officers, employees and retired officers and employees of a county or town special district which is not governed by a separate board of commissioners shall be deemed to be county or town officers and employees, or retired officers and employees, respectively.

1-a. As used in this section the term "retired officer" shall include any former school board member with twenty years or more service in such position. The total cost of participation by such former school board members and their families shall be borne by such former members.

2. A public corporation may contract with a non-profit membership corporation, organized under article forty-three of the insurance law and approved by the superintendent of financial services and the state board of social welfare, or with any insurance company authorized to do business in this state for the purpose of furnishing medical and surgical services and hospital service as defined in such article forty-three, or medical and surgical and hospital insurance to persons who contract with such non-profit membership corporation or insurance company, or who subscribe to a plan or plans, as hereinafter provided. Any such contract entered into by a public corporation shall permit any officer or employee or group of officers or employees of an agency or department of the public corporation voluntarily to subscribe to a plan or plans providing for medical and surgical and hospital insurance for, or medical and surgical services and hospital service to, such officers or employees and their families. Any such contract entered into by a public corporation may, if authorized by the governing board or body and subject to such conditions, limitations and eligibility requirements as may be fixed by such board or body, permit any retired officers and employees or group of retired officers and employees of an agency or department of the public corporation voluntarily to subscribe to such a

plan or plans to provide such insurance for or service to themselves and their families. The comptroller or other disbursing officer of the public corporation, or of any fund out of which officers or employees of such public corporation are paid, is authorized to deduct from the wages or salary of such contracting or subscribing officer or employee, with his prior consent, in writing, the sums required to be paid by such officer or employee to such non-profit membership corporation or insurance company. Such public corporation, if such contract or plan provides that the employer shall contribute a share of the cost of such medical and surgical services and hospital service, or medical and surgical and hospital insurance, for its officers and employees or retired officers and employees, is authorized to appropriate a sum required to be paid under such contract by the public corporation as employer. The sum to be paid by it under such contract, in the discretion of such public corporation, may be any percentage of the total cost including the whole thereof. Where the compensation of any officer or employee whose position is covered by medical and surgical services and hospital service or medical and surgical and hospital insurance pursuant to this section is paid from a special or administrative fund provided for by law, the contributions required to be paid by the public corporation for such coverage shall be paid from such special or administrative fund. The public corporation shall be authorized to pay directly to such non-profit membership corporation or to such insurance company, the total of such appropriation and of such officer and employee deductions.

3. The authority conferred upon public corporations by this section shall be in addition to and in no way a limitation upon the authority conferred upon such public corporations to provide the same or similar benefits for their officers and employees pursuant to article eleven of the civil service law.

4. The provisions of this section shall apply to school board members, provided however, that the total cost of participation by such school board members and their families shall be borne by such members.

5. Any contract or contracts made pursuant to this section by a city

with a population of one million or more inhabitants and any plan or plans effectuated by any such contract or contracts shall be administered by the department of personnel or the office of municipal labor relations of such city, or if there be no such department or office therein, by a department, agency, or officer thereof designated by the mayor of such city.

6. (a) Notwithstanding any general, special or local law to the contrary, the governing board of a public corporation that, in lieu of contracting pursuant to subdivision two of this section, self-funds medical, surgical or hospital benefits, may enter into agreements with duly qualified contract administrators or other service providers to receive, investigate, make recommendations on, audit, approve or make payment of claims for such benefits. Such agreements shall be entered into pursuant to competitive bidding, or written request for proposals in accordance with the procurement policies and procedures of the public corporation adopted pursuant to section one hundred four-b of this chapter.

(b) In order to authorize the payment of claims for benefits audited and approved by a contract administrator or other service provider, an agreement entered into pursuant to this subdivision may provide that after claims have been audited by the contract administrator or other service provider, the contract administrator or other service provider shall periodically inform the public corporation of the total amount payable in satisfaction of the audited and approved claims, together with such other supporting information as the public corporation may require, and the public corporation may transfer moneys in that amount to the contract administrator or other service provider for disbursement to the claimants entitled thereto. Any such agreement shall provide that if a check issued by the contract administrator or other service provider in satisfaction of a claim remains unpaid after one hundred eighty days, the moneys payable in satisfaction of that claim shall be returned to the public corporation.

(c) Any agreement entered into pursuant to this subdivision shall contain, at a minimum, the following:

(i) a clear statement of the charges, fees or other compensation for the services provided under the agreement;

(ii) a statement that payment for the services provided under the agreement shall be made only after the services are rendered;

(iii) a provision stating that the contract administrator or other service provider to which functions are delegated shall be liable to the public corporation for all loss or damage that may result from any failure by the contract administrator or other service provider to discharge their duties, or from any improper or incorrect discharge of those duties, and a provision that expressly reserves to the public corporation all legal rights of set-off. The contract administrator or service provider shall save the public corporation free and harmless from any and all loss occasioned by or incurred in the performance of services under an agreement pursuant to this subdivision;

(iv) a provision requiring the contract administrator or other service provider to furnish a surety bond, irrevocable letter of credit or equivalent security, in a form and amount acceptable to the governing board of the public corporation, to secure the contract administrator's or other service provider's performance under the agreement;

(v) a provision requiring the contract administrator or service provider to establish, maintain and retain for a specified period complete and accurate books, records, documents, accounts and other evidence pertinent to performance under the agreement, and to submit quarterly and annual reports, in a form acceptable to the governing board of the public corporation, detailing the payment of claims and other activities of the contract administrator or other service provider during the relevant period. The auditing body or official of the public corporation shall have access to and may examine such books, records, documents, accounts and other evidence pertinent to performance under the agreement upon reasonable notice to the contract administrator or service provider;

(vi) a provision requiring an annual audit, and opinions thereon, by an independent certified public accountant, of the accounting procedures and internal control procedures of the contract administrator or other service provider;

(vii) a provision by which the contract administrator or other service provider agrees to maintain the confidentiality of medical records in its possession and that such confidentiality may only be waived upon the written consent of the covered person; and

(viii) a provision by which the contract administrator or other service provider acknowledges that those records maintained on behalf of the public corporation are subject to the provisions of article six of the public officers law.

(d) A contract entered into pursuant to this section shall be for a term not to exceed five years, except that it shall be subject to cancellation by the municipal corporation at any time upon thirty days' notice.

7. The provisions of this section shall permit a public corporation to provide coverage for volunteer firefighters, as defined in section three of the volunteer firefighters' benefit law, and volunteer ambulance workers, as defined in subdivision one of section three of the volunteer ambulance workers' benefit law, provided however, that the total cost of participation by such volunteers and their families shall be borne by such volunteers.