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SYNOPSIS: To provide for the sharing of the cost of health insurance premiums by state employees who are covered by the State Employees' Health Insurance Plan, offer supplemental coverage in lieu of coverage in the basic medical plan of the State Employees' Health Insurance Plan and provide assistance to low income employees and retirees.

A BILL
TO BE ENTITLED
AN ACT

To amend Sections 36-29-1, 36-29-3, 36-29-4, 36-29-6, 36-29-7, 36-29-8, 36-29-10, 36-29-12 and 36-29-13, Code of Alabama 1975, and add Sections 36-29-19.1 through 36-29-19.6 to provide for the sharing of the cost of health insurance premiums by state employees who are covered by the State Employees' Health Insurance Plan, offer supplemental coverage in lieu of coverage in the basic medical plan of the State Employees' Health Insurance Plan and provide assistance to low income employees and retirees.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1 Section 1. Sections 36-29-1, 36-29-3, 36-29-4, 36-
2 29-6, 36-29-7, 36-29-8, 36-29-10, 36-29-12 and 36-29-13, Code
3 of Alabama 1975, are amended to read as follows:

4 "§36-29-1.

5 When used in this chapter, the following terms shall
6 have the following meanings, respectively, unless the context
7 clearly indicates otherwise:

8 (1) EMPLOYEE. A person who works full time for the
9 State of Alabama or for a county health department and who
10 receives his full compensation on a monthly basis through
11 means of a state warrant drawn upon the State Treasury or by
12 check drawn by the Treasurer of the Alabama State Port
13 Authority or by check drawn by the Treasurer of the Alabama
14 state agency for surplus property other than those employees
15 covered by the federal Railroad Retirement Act. ~~Such term~~
16 ~~shall also include those persons who shall retire from the~~
17 ~~service of the State of Alabama after September 2, 1965, and~~
18 ~~who, at the time of such retirement, meet the criteria set out~~
19 ~~in this chapter and who, following such retirement, draw a~~
20 ~~monthly benefit from the Employees' Retirement System of~~
21 ~~Alabama; provided, that full-time Full-time employees of the~~
22 county health department in all counties having populations of
23 not less than 300,000 nor more than 500,000 shall also be
24 included in the definition of employee for the purpose of this
25 chapter, and the health department of any such county is
26 hereby authorized to pay the employer's share of any
27 contributions to the retirement fund; provided further, that
28 any district attorney or full-time employees in the district
29 attorney's office, of any judicial circuit shall be included

1 in the definition of employee for the purpose of this chapter,
2 and the respective judicial circuits are hereby authorized to
3 pay the employer's share of any contribution therefor and any
4 person employed part time by the State of Alabama on a wage
5 and hourly basis, excluding fee compensations and other like
6 arrangements, shall be included in the definition of employee
7 as defined in this chapter provided such person shall agree to
8 have deducted from his hourly wage, as stipulated, a pro rata
9 portion of the premium cost of a full-time state employee
10 based on the percentage of time such person is employed by the
11 state according to rules and regulations established by the
12 State Employees' Insurance Board. The term shall also include
13 an employee who worked at least 10 years for the State
14 Department of Transportation in "captive county" circumstances
15 as defined by Section 23-1-100 and who was transferred to
16 county employment upon the adoption of Article 3A, Chapter 1,
17 Title 23. Provided further, however, any costs incurred as a
18 result of including such employee in this term shall be
19 payable from funds of the State Department of Transportation.

20 (2) BOARD. The State Employees' Insurance Board.

21 (3) CLASS. An employee or retiree shall be included
22 in one of the following classes: (i) Active employee single,
23 (ii) Active employee family, (iii) non-Medicare retiree
24 single, (iv) non-Medicare retiree family, (v) Medicare retiree
25 single, or (vi) Medicare retiree family, (vii) non-Medicare
26 retiree with Medicare eligible dependent, or (viii) Medicare
27 retiree with non-Medicare dependent(s).

1 (4) EMPLOYEE CONTRIBUTION. The amount of the total
2 health insurance premium to be paid by the employee or retiree
3 as determined by the Board.

4 (5) EMPLOYER CONTRIBUTION. The amount of the total
5 health insurance premium to be paid by the employer as
6 determined by the Board.

7 (6) FEDERAL POVERTY LEVEL. Income level determined
8 in Section 673(2) of the Community Services Block Grant Act 2
9 (42 U.S.C. § 9902(2)). Should the federal government no longer
10 derive or substantially change its derivation of the federal
11 poverty level, the State Employees' Insurance Board has the
12 authority to derive and apply an alternate poverty level to
13 carry out its obligations under this chapter.

14 (7) HEALTH INSURANCE PREMIUM. The total health
15 insurance cost under the state employees' health insurance
16 plan with respect to each class of employees or retirees.
17 Individual premiums may include adjustments and surcharges for
18 (i) family size including, but not limited to, a husband and
19 wife both being covered by the state employees' health
20 insurance plan, (ii) smokers and users of tobacco products,
21 (iii) preventative care and wellness care participation, and
22 (iv) any such other categories of risk that the Board shall
23 approve.

24 (8) MEDICARE RETIREE. A retiree entitled to benefits
25 under the federal Medicare program (Subchapter XVIII of the
26 Social Security Act, 42 U.S.C. §§ 1395 et seq.).

27 (9) NON-MEDICARE RETIREE. A retiree not entitled to
28 benefits under the federal Medicare program (Subchapter XVIII
29 of the Social Security Act, 42 U.S.C. §§ 1395 et seq.).

1 (10) OTHER EMPLOYER GROUP HEALTH INSURANCE COVERAGE.

2 Group health insurance coverage available to an employee or
3 retiree through an employer other than the State of Alabama.
4 Other employer group health insurance coverage does not
5 include the State Employees' Health Insurance Plan, the Public
6 Education Employees' Health Insurance Plan or the Local
7 Government Health Insurance Plan.

8 (11) RETIREE. Employee who retires from the service
9 of the State of Alabama, who at the time of such retirement,
10 meets the criteria set out in this chapter and who, following
11 such retirement, draws a monthly benefit from the Employees'
12 Retirement System of Alabama, the Judicial Retirement System
13 of Alabama or the Teachers' Retirement System of Alabama.

14 (12) STATE EMPLOYEES' HEALTH INSURANCE PLAN. The
15 health benefit plan administered or offered by the State
16 Employees' Insurance Board for eligible employees and retirees
17 and their respective dependents. The State Employees'
18 Insurance Board may offer supplemental coverages and policies
19 in lieu of or in addition to coverage in the basic medical
20 plan of the State Employees' Health Insurance Plan. Also
21 referred herein as "health insurance plan" or "Plan."

22 (13) SUPPLEMENTAL COVERAGE. Coverage offered to
23 employees and retirees by the State Employees' Insurance Board
24 in lieu of coverage in the basic medical plan of the State
25 Employees' Health Insurance Plan that supplements an
26 employee's or retiree's other employer group health insurance
27 coverage.

28 (14) SUPPLEMENTAL POLICY. Policy offered to
29 employees and retirees by the State Employees' Insurance

1 Board, in lieu of or in addition to coverage in the basic
2 medical plan of the State Employees' Health Insurance Plan,
3 that provides a defined set of benefits.

4 (15) THIRD PARTY ADMINISTRATOR. Entity contracted by
5 the State Employees' Insurance Board to provide certain
6 administrative services as it deems appropriate and necessary
7 to carry out its obligations under this chapter.

8 (16) YEARS OF SERVICE. The number of years and
9 months of creditable service by an employee prior to
10 retirement as determined by the Employees' Retirement System,
11 Teachers' Retirement System, or Judicial Retirement System
12 including any periods of full time permanent employment
13 subsequent to retirement up to a maximum of five years.

14 "§36-29-3.

15 The health insurance plan provided for in this
16 chapter shall be designed by the State Employee's Insurance
17 Board to provide a reasonable relationship between the
18 hospital, surgical and medical benefits to be included and the
19 expected hospital, surgical and medical expenses to be
20 incurred by the affected employee and retiree and dependents
21 and to include reasonable controls, which may include, but not
22 limited to, deductible, copayment, and coinsurance provisions
23 ~~applicable to some or all of the benefits, and other cost~~
24 containment measures to prevent unnecessary utilization of the
25 various hospital, surgical and medical services available and
26 to provide reasonable assurance of stability in future years
27 for the pPlan.

28 "§36-29-4.

1 The ~~State Employees' Insurance~~ Board is hereby
2 empowered and authorized to establish a fully insured or self-
3 insured health insurance plan for employees and retirees of
4 the State of Alabama and to adopt and promulgate rules and
5 regulations for the administration of such plan, subject to
6 such limitations as may be contained in this chapter. Such
7 plan may provide for group hospitalization, surgical and
8 medical insurance against the financial costs of
9 hospitalization, surgical and medical treatment and care and
10 may also include, among other things, prescribed drugs,
11 medicines, prosthetic appliances, hospital inpatient and
12 outpatient service benefits and medical expenses indemnity
13 benefits, including major medical benefits or such other
14 coverage or benefits as may be deemed appropriate and
15 desirable by the board.

16 "§36-29-6.

17 (a) The board is hereby authorized to execute a
18 contract or contracts to provide ~~the benefits under the p~~Plan
19 ~~of health insurance coverage determined upon~~ in accordance
20 with the provisions of this chapter. Such contract or
21 contracts may be executed with one or more agencies or
22 corporations licensed to transact or administer group health
23 insurance business in this state. All of the benefits to be
24 provided under this chapter may be included in one or more
25 similar contracts issued by the same or different companies.

26 (b) Before entering into any contract or contracts
27 authorized by subsection (a) of this section, said board shall
28 invite competitive bids from all qualified ~~insurers~~ entities
29 who may wish to administer or offer plans for the health

1 insurance coverage desired. The board shall award such
2 contract or contracts on a competitive basis as determined by
3 the benefits afforded, administrative costs, the costs to be
4 incurred by ~~both~~ employee, retiree and employer, the
5 experience of the offering company or agency in the group
6 health insurance field and its facilities for the handling of
7 claims. In evaluating these factors the board may employ the
8 services of impartial professional insurance analysts or
9 actuaries.

10 (c) Any entity responding to a request for proposal,
11 a request for information or otherwise doing business with the
12 Board shall upon notification that such entity is a finalist
13 in the selection process, or subsequent to the awarding of a
14 contract to such entity agree to full disclosure of their
15 actual net cost of provided services as specified by the Board
16 including, but not limited to, rebates, discounts, refunds, or
17 other payment of any nature. Said entity shall agree to and
18 comply with an independent audit or examination of said
19 required disclosures at least every three years or at other
20 intervals as determined by the Board. Additionally, if the
21 Board or a court of competent jurisdiction determines that
22 such entity has willfully withheld, altered, or changed such
23 disclosures said entity may be prohibited from doing business
24 with the Board for a period of five years.

25 (1) Any documents, materials, or other information
26 in the control or possession of the Board that is furnished by
27 any entity or an employee or agent thereof acting on behalf of
28 the entity, or obtained by the Board in an audit, disclosure
29 or examination pursuant to Section 36-29-6 (c), and

1 conspicuously marked as "CONFIDENTIAL INFORMATION", shall be
2 confidential by law and privileged, shall not be subject to
3 any open records or freedom of information laws, shall not be
4 subject to subpoena, and shall not be subject to discovery or
5 admissible as evidence in any private civil action. However,
6 the Board is authorized to use the documents, materials or
7 other information in the furtherance of any administrative or
8 legal action to which the Board is a party.

9 (2) Information obtained through disclosures, audits
10 or examinations pursuant to Section 36-29-6 (c) shall be
11 conspicuously marked as confidential.

12 (3) Any person who shall knowingly and willfully
13 disclose any confidential information obtained pursuant to
14 Section 36-29-6 (c), and identified as "CONFIDENTIAL", shall
15 be guilty of a Class C misdemeanor.

16 (4) For the purposes of this Article, Confidential
17 Information shall not include information that:

18 can be demonstrated to have been in the public
19 domain as of the effective date of this agreement, or
20 legitimately comes into the public domain through no fault of
21 the Board;

22 can be demonstrated to have been known to the Board
23 prior to its receipt by the Board;

24 was received by the Board from a third party which
25 obtained it legally;

26 was developed by personnel of the Board without
27 knowledge of or reliance on Confidential Information; and

28 is permitted to be disclosed or used pursuant to
29 express written consent by an entity.

1 (5) Restrictions on non-disclosure imposed by this
2 subsection, and any contract between the Board and an entity,
3 shall lapse six (6) years from the effective date of
4 termination of the agreement between the Board and the entity.

5 ~~(e)~~ (d) The contract or contracts executed by the
6 board with the selected carrier or third party administrator
7 shall be a contract to ~~cover~~ offer coverage to all employees
8 and retirees of the state subject to the provisions of this
9 chapter; provided, however, that nothing contained in this
10 chapter shall prohibit other insurance carriers from
11 soliciting additional health and other types of insurance
12 coverage with state employees, and nothing contained in this
13 chapter shall prohibit the Director of Finance from
14 authorizing payment of premiums for such additional health and
15 other types of coverage by payroll deduction.

16 ~~(d)~~ (e) The board may authorize ~~the~~ a carrier with
17 whom ~~the primary~~ a contract ~~is~~ has been executed to reinsure
18 portions of such contract with other such carriers which elect
19 to be a reinsurer and who are legally qualified to enter into
20 a reinsurance agreement under the laws of this state.

21 ~~(e)~~ (f) Each employee and retiree who is covered
22 under ~~any such contract or contracts~~ the Plan shall receive a
23 certificate or summary document setting forth the benefits to
24 which the employee, retiree and ~~his~~ dependents are entitled
25 thereunder, to whom such benefits shall be payable, to whom
26 claims shall be submitted and a summary of the provisions of
27 the ~~contract~~ Plan as they affect the employee, retiree and ~~his~~
28 dependents. ~~Such certificate shall be in lieu of the~~

1 ~~certificate which the carrier or carriers issuing such~~
2 ~~contract or contracts would otherwise issue.~~

3 ~~(f)~~ (g) The board may at the end of any contract
4 period discontinue any contract or contracts it has executed
5 with any carrier or third party administrator and replace same
6 with a contract or contracts with any other carrier ~~or~~
7 ~~carriers~~ or third party administrator meeting the requirements
8 of this chapter.

9 (h) The State Employees' Insurance Board may enter
10 into contracts of the Public Education Employees' Health
11 Insurance Board that were awarded through a competitive bid
12 process, upon the mutual consent of the Public Education
13 Employees' Health Insurance Board and the contractor.

14 "§36-29-7.

15 (a) The ~~State Employees' Insurance Board~~ is hereby
16 authorized to provide ~~under the contract or contracts entered~~
17 ~~into~~ under the provisions of this chapter that the employer's
18 contribution to the cost of such insurance benefit pPlan for
19 coverage of the employee and retiree shall be paid by the
20 employer.

21 (b) Each employee and retiree shall be entitled to
22 have his spouse and dependent children, as defined by the
23 rules and regulations of the board, included in the coverage
24 provided upon agreeing to pay the ~~costs of such coverage~~
25 employee's contribution of the health insurance premium for
26 such dependents. The board shall adopt regulations governing
27 the discontinuance and resumption by such employees and
28 retirees of coverage for dependents.

1 (c) Subject to Section 36-29-19.3, any further
2 changes in employee or retiree contribution to the health
3 insurance premium or other out-of-pocket expenses including,
4 but not limited to, any surcharge, copay, or deductible may
5 only be enacted when: (1) the Executive Director certifies
6 that after proper evaluation said increase is justified and
7 (2) the change is approved by at least a two-thirds vote of
8 the Board members present.

9 ~~(c)~~(d) As used in this section, the employer shall
10 mean the fund from which the salaries of such ~~insured~~
11 employees are paid. There is hereby appropriated annually from
12 each fund amounts sufficient to provide the employer's ~~cost of~~
13 ~~the insurance benefit plan~~ contribution of the health
14 insurance premium. In the case of those departments supported
15 wholly by transfers from other state funds, there is hereby
16 appropriated from the supporting funds such additional amounts
17 as may be necessary to pay the sums required to pay the
18 ~~premium~~ employer's contribution costs of employees and
19 retirees of each department so supported in the same
20 proportion as the other state funds contribute to the support
21 and maintenance of such department.

22 ~~(d)~~(e) During any period in which an employee or an
23 employee's dependents are covered under this chapter, there
24 shall be withheld from the salary payment of such employee the
25 ~~entire premium cost for coverage of such dependents under the~~
26 ~~terms of any contract or contracts entered into in accordance~~
27 ~~with the provisions of this chapter~~ employee's contribution to
28 the cost of coverage.

1 ~~(e)~~(f) There is hereby created in the State Treasury
2 a fund to be known as the State Employees' Insurance Fund.
3 Such fund shall consist of and there shall be deposited into
4 such fund all appropriations made from employer funds, under
5 the provisions of subsection ~~(e)~~(d) of this section and all
6 premiums paid by employees and retirees under the provisions
7 of subsection ~~(d)~~(e) of this section and any other premiums
8 paid under the provisions of this chapter. The board shall
9 designate a custodian of this fund who shall be authorized to
10 make deposits into and payments therefrom in accordance with
11 contracts entered into by said board.

12 "§36-29-8.

13 (a) All persons in the employment of the State of
14 Alabama ~~at the time of adoption and execution by the board of~~
15 ~~a contract providing for a group health insurance plan and who~~
16 are eligible for coverage under the provisions of this chapter
17 and the rules and regulations of the board adopted pursuant
18 thereto shall have the option to be included in such coverage
19 and shall have an option as to whether they will subscribe to
20 such coverage for their dependents, such option to be
21 exercised in the manner and within the time limitation
22 prescribed by the board.

23 (b) All persons who become employees of the State of
24 Alabama, as defined by the terms of this chapter and the rules
25 and regulations promulgated by the board pursuant thereto,
26 ~~after the effective date of any contract entered into by the~~
27 ~~board providing group health insurance coverage to the~~
28 ~~employees of the state,~~ shall have the option to become
29 members of the ~~group health insurance plan~~ Plan hereby

1 provided and shall have an option as to whether they will
2 subscribe to such coverage for their dependents; provided,
3 that the exercise of such option shall be contingent upon
4 acceptance by the Board subject to proper documentation of
5 eligibility and such coverage may be deferred during any
6 reasonable waiting period provided in the contract or
7 contracts.

8 (c) Any employee or retiree knowingly and willfully
9 submitting materially false information to the Board shall,
10 upon a determination by the Board, repay all claims and other
11 expenses incurred by the Plan related to false or misleading
12 information submitted by the employee or retiree in addition
13 to a charge based on the applicable interest rate paid by the
14 state, under Code Section 40-1-44.

15 "§36-29-10.

16 Employees covered under ~~this plan~~ the Plan who
17 retire from active service and begin receiving monthly
18 benefits from the Employees' Retirement System of Alabama,
19 Judicial Retirement System of Alabama, or from the Teachers'
20 Retirement System of Alabama may elect to continue coverage
21 under the ~~group insurance plan~~ Plan by consenting to have the
22 employee contribution deducted from their monthly benefit
23 payment ~~the difference in the total cost of their insurance~~
24 ~~coverage and the portion authorized to be expended by the~~
25 ~~state employees health insurance plan~~ for coverage of such
26 retired employees. The premiums so deducted shall be
27 transmitted monthly to the ~~state insurance~~ board.
28 Notwithstanding the foregoing provisions no person otherwise
29 eligible for coverage under ~~this plan~~ the Plan shall be denied

1 participation therein, for the reason that such person is
2 precluded from having the cost of his coverage deducted from a
3 monthly benefit payment. The board shall adopt such rules and
4 regulations as they deem appropriate and necessary for
5 carrying out the provisions of this subsection.

6 "§36-29-12.

7 The ~~State Employees' Insurance~~ Board shall
8 promulgate such rules and regulations as may be required for
9 the effective administration of the provisions of this
10 chapter. The Board shall have discretion and authority to
11 interpret the terms and conditions of the Plan. The Plan shall
12 require adequate notice in writing to any participant whose
13 claim for benefits under the plan has been denied, setting
14 forth the specific reasons for such denial and shall afford a
15 reasonable opportunity to any participant whose claim for
16 benefits has been denied for a full and fair review by the
17 claims administrator upon the written request of the
18 participant, within 60 days of the date of denial, setting
19 forth the specific reasons for review. The claims
20 administrator shall provide in writing a final determination
21 of the claim. Review of a final decision by the claims
22 administrator shall be by the Circuit Court of Montgomery
23 County.

24 "§36-29-13.

25 (a) There is hereby provided from the funds of the
26 State Employees' Health Insurance Plan \$1,592,605.00
27 (estimated) for the fiscal year beginning October 1, 1985. The
28 State Employees' Insurance Board is hereby to expend \$22.35
29 per month per eligible retired employee towards coverage for

1 said retired employee for the fiscal year beginning October 1,
2 1985.

3 (b) It is the intent of the Legislature that
4 subsequent appropriations to the State Employees' Insurance
5 Board pursuant to this section shall be included in the
6 appropriations made for active employees from employer funds
7 pursuant to subsection (c) of Section 36-29-7 beginning with
8 the fiscal year 1986-87 and each year thereafter and shall be
9 increased to fully fund the employer's portion of the benefits
10 provided for in Section 36-29-10, ~~provided however for~~
11 ~~purposes of determining such appropriations to fully fund~~
12 ~~benefits, each retired employee shall be presumed eligible for~~
13 ~~Medicare coverage and any allocation or appropriation on~~
14 ~~account of individual retired employees shall be limited~~
15 accordingly.

16 (c) The Board shall recognize any Medicare premium
17 paid by a retiree in determining any increases in retiree
18 contributions in existing and newly imposed premiums
19 proscribed on state employees and retirees.

20 Section 2. Sections 36-29-19.1 through 36-29-19.6
21 are added to this chapter and read as follows:

22 "Section 36-29-19.1. The State Employees' Insurance
23 Board shall maintain detailed records.

24 "The Board shall maintain records in sufficient
25 detail to accurately determine the total health insurance
26 costs and the contributions toward health insurance premiums
27 by employees and retirees separately, and in composite form.
28 Not later than 90 days after the end of each fiscal year the
29 Board shall prepare a written report that contains a

1 calculation of the total cost of health insurance premiums for
2 such fiscal year and the amount of contributions by employees
3 and retirees to the cost of such health insurance premiums and
4 the cost of such coverage that shall be paid by the employer
5 for the next fiscal year. Such report shall contain sufficient
6 detail to determine the total cost of health insurance
7 premiums for each class of employees or retirees and the
8 amount of contributions by each class of employees or
9 retirees. Such report shall be prepared or verified by an
10 independent firm employed by the Board with skill and
11 experience in reporting for such matters."

12 "Section 36-29-19.2 The State Employees' Insurance
13 Board may offer supplemental coverage.

14 "The Board may no later than January 1, 2006, offer
15 employees a supplemental coverage to other employer group
16 health insurance coverage.

17 "For employees who have spouses with other employer
18 group health insurance coverage available to them through
19 their employer, or previous employer, the Board may provide
20 such employees with a supplemental coverage to the other
21 employer group health insurance coverage in lieu of coverage
22 in the basic medical plan of the State Employees' Health
23 Insurance Plan.

24 "Employers that provide some or all employees,
25 directors, officers, or owners other employer group health
26 insurance coverage shall not disqualify or otherwise limit an
27 employee, or their spouse, from receiving health care
28 benefits."

1 "Section 36-29-19.3. Surcharge on smokers; changes
2 in contributions.

3 "A surcharge on smokers and users of tobacco
4 products shall be added to the employee and retiree
5 contribution by the Board to be effective October 1, 2005."

6 "Section 36-29-19.4. Assistance to low-income
7 employees and retirees.

8 "The Board shall provide assistance to low-income
9 employees and retirees who meet the federal poverty levels
10 defined in this section, effective October 1, 2005, and for
11 each fiscal year thereafter.

12 "(a) For employees and retirees who contribute to
13 the cost of their health insurance premium and with annual
14 income (determined as provided below on an aggregate basis for
15 an employee or retiree and spouse) equal to or below 200
16 percent of the Federal Poverty Level, the employee or retiree
17 contribution shall be reduced as follows:

18 "(1) for employees or retirees with annual income
19 equal to or less than 100 percent of the Federal Poverty
20 Level, the employee contribution will be calculated using 50
21 percent of the applicable premium;

22 "(2) for employees or retirees with annual income
23 equal to or less than 125 percent of the Federal Poverty
24 Level, but more than 100 percent of the Federal Poverty Level,
25 the employee contribution shall be calculated using 60 percent
26 of the applicable premium;

27 "(3) for employees or retirees with annual income
28 equal to or less than 150 percent of the Federal Poverty
29 Level, but more than 125 percent of the Federal Poverty Level,

1 the employee contribution shall be calculated using 70 percent
2 of the applicable premium;

3 "(4) for employees or retirees with annual income
4 equal to or less than 175 percent of the Federal Poverty
5 Level, but more than 150 percent of the Federal Poverty Level,
6 the employee contribution shall be calculated using 80 percent
7 of the applicable premium;

8 "(5) for employees or retirees with annual income
9 equal to or less than 200 percent of the Federal Poverty
10 Level, but more than 175 percent of the Federal Poverty Level,
11 the employee contribution shall be calculated using 90 percent
12 of the applicable premium;

13 "(b) For employees or retirees with children
14 otherwise eligible for the federal Children's Health Insurance
15 Program, such children shall receive the same level of
16 benefits as children covered under the Children's Health
17 Insurance Program.

18 "(c) An application procedure shall be devised and
19 implemented by the Board through which employees and retirees
20 may apply for the Federal Poverty Level assistance described
21 in this section. For purposes of applying for Federal Poverty
22 Level assistance, the annual income of an employee or retiree
23 shall be aggregated with the annual income of the spouse of
24 such employee or retiree and shall include all sources of
25 income including, but not limited to, wages, pension benefits,
26 Social Security benefits, that may be included in gross income
27 for purposes of Federal income taxation. Applicants must
28 submit with their application a copy of their Federal tax
29 return and, if the applicant did not file a joint return with

1 his or her spouse, a copy of the spouse's Federal tax return.
2 Any reduction in an employee's or retiree's contribution
3 pursuant to this section shall not be considered income of the
4 employee or retiree for purposes of determining Medicaid
5 eligibility for such employee or retiree."

6 "Section 36-29-19.5. Premium deductions shall be
7 pretax; transfer of funds.

8 "Employee's contribution to the health insurance
9 premium shall be deducted from payroll on a pretax basis as
10 permitted under Section 125. IRS Code. The Board is authorized
11 to transfer the necessary funds from the State Employees'
12 Insurance Fund to the fund established by the Flexible
13 Employees' Benefits Board for the administration of the
14 Flexible Employees Benefits Program."

15 "Section 36-29-19.6. The State Employees' Insurance
16 Board shall constitute a body corporate.

17 "The Board shall constitute a body corporate for the
18 purposes of management of the Plan. The Board shall have all
19 powers and privileges of a corporation and may enforce all
20 existing rights and claims, and hold its cash and securities
21 and other property in trust for the purpose for which
22 received; provided, however, that as an instrumentality of the
23 state, funded by the state, the Board, their officers, and
24 their employees shall be immune from suit to the same extent
25 as the state, its agencies, officers, and employees."

26 Section 3. All laws or parts of laws, general,
27 special, private or local, in conflict with or inconsistent
28 with the provisions of this Act are hereby expressly repealed.
29 If it is determined by a court of competent jurisdiction that

1 any provision of this act shall contravene any Constitutional
2 provision or amendment, either now in effect or in the future,
3 then only that conflicting provision or provisions in this act
4 shall be deemed null and void.

5 Section 4. This act shall become effective upon its
6 passage and approval by the Governor and upon the passage and
7 approval of the Governor of House Bills ____ of the first
8 Special Session of 2004 of the Alabama Legislature. In the
9 event that House Bills ___ of the first Special Session of
10 2004 of the Alabama Legislature are not passed and approved,
11 then this Act shall become null and void.