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SYNOPSIS: Amends Sections 16-25A-1 to add further definitions, 16-25A-4, 16-25A-5, 16-25A-7, 16-25A-8, 16-25A-9 and adds new Sections 16-25A-2.1, 16-25A-5.1, 16-25A-17.1, 16-25A-19, 16-25A-20, 16-25A-21, and 16-25A-22 to provide for cost sharing of health insurance premiums by employees and retirees covered by the Public Education Employees Health Insurance Plan, offer supplemental secondary coverage in lieu of coverage in the basic medical plan, provide premium contribution assistance to low income employees, to provide for detailed records to be maintained by the Board, to allow participation under the Public Education Flexible Employees Benefits Program.

A BILL
TO BE ENTITLED
AN ACT

To amend Sections 16-25A-1 to add further definitions, 16-25A-4, 16-25A-5, 16-25A-7, 16-25A-8, 16-25A-9 and adds new Sections 16-25A-2.1, 16-25A-5.1, 16-25A-17.1, 16-

1 25A-19, 16-25A-20, 16-25A-21, and 16-25A-22 to provide for
2 cost sharing of health insurance premiums by employees and
3 retirees covered by the Public Education Employees Health
4 Insurance Program, offer supplemental secondary coverage in
5 lieu of coverage in the basic medical plan, provide premium
6 contribution assistance to low income employees, to provide
7 for detailed records to be maintained by the Board, to allow
8 participation under the Public Education Flexible Employees
9 Benefits Program.

10 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

11 Section 1. Section 16-25A-1, Code of Alabama, 1975
12 is hereby amended to read as follows:

13 "§16-25A-1.

14 When used in this chapter, the following terms shall
15 have the following meanings, respectively, unless the context
16 clearly indicates otherwise:

17 (1) EMPLOYEE. Any person covered by the Public
18 Education Employees' Health Insurance Plan pursuant to Section
19 16-25A-11 or person who is employed full-time in any public
20 institution of education within the State of Alabama which
21 provides instruction at any combination of grades K through 14
22 exclusively, under the auspices of the State Board of
23 Education or the Alabama Institute for Deaf and Blind;
24 provided, any person employed part-time by any public
25 institution of education within the State of Alabama which
26 provides instruction at any combination of grades K through
27 14, exclusively, under the auspices of the State Board of
28 Education or the Alabama Institute for the Deaf and Blind,
29 shall be included in the definition of employee if such person

1 shall agree to have deducted from his compensation a pro rata
2 portion of the premium cost of a full-time employee, based on
3 the percentage of time such person is employed, in accordance
4 with such rules and regulations as shall be adopted by the
5 board.

6 (2) RETIRED EMPLOYEE. Any person receiving a monthly
7 benefit from the Teachers' Retirement System or by an entity
8 participating pursuant to Section 16-25A-11, who at the time
9 of his retirement was employed by a public institution of
10 education within the State of Alabama which provided
11 instruction at any combination of grades K through 14,
12 exclusively, under the auspices of the State Board of
13 Education or pursuant to Section 16-25A-11. Any person
14 receiving a monthly benefit from the Teachers' Retirement
15 System who at the time of his retirement was employed by a
16 state-supported postsecondary institution and any person
17 receiving a monthly benefit from the Employees' Retirement
18 System whose retirement under the Employees' Retirement System
19 was from a local board of education or a state-supported
20 postsecondary institution who participated pursuant to Section
21 36-27-6.

22 (3) BOARD. The Public Education Employees' Health
23 Insurance Board.

24 (4) CLASS. An employee or retiree shall be included
25 in one of the following classes: (i) Active employee single,
26 (ii) Active employee family, (iii) non-Medicare retiree
27 single, (iv) non-Medicare retiree family, (v) Medicare retiree
28 single, (vi) Medicare retiree family, (vii) non-Medicare

1 retiree with Medicare eligible dependent(s), or (viii)

2 Medicare retiree with non-Medicare dependent(s).

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

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

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

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

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

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

4 (11) OPTIONAL COVERAGE. Health insurance coverage
5 offered to employees and retirees for dental, cancer,
6 indemnity, vision, or such other coverage the Public Education
7 Employees' Health Insurance Board deems appropriate in lieu of
8 coverage under the basic medical plan.

9 (12) OTHER EMPLOYER GROUP HEALTH INSURANCE COVERAGE.
10 Group health insurance coverage available to an employee or
11 retiree through an employer other than the State of Alabama.
12 Other employer group health insurance coverage does not
13 include the State Employees' Health Insurance Plan, the Public
14 Education Employees' Health Insurance Plan or the Local
15 Government Health Insurance Plan.

16 (13) RETIREE. Same as "Retired Employee".

17 (14) SUPPLEMENTAL COVERAGE. Coverage offered to
18 employees and retirees by the Public Education Employees'
19 Health Insurance Board in lieu of coverage in the basic
20 medical plan of the Public Education Employees' Health
21 Insurance Plan that supplements an employee's or retiree's
22 other employer group health insurance coverage.

23 (15) SUPPLEMENTAL POLICY. Policy offered to
24 employees and retirees by the Public Education Employees'
25 Health Insurance Board in lieu of or in addition to coverage
26 in the basic medical plan of the Public Education Employees'
27 Health Insurance Plan that provides a defined set of benefits.

28 (16) YEARS OF SERVICE. The number of years and
29 months of creditable service by an employee prior to

1 retirement as determined by the Teachers' Retirement System or
2 Employees' Retirement System including any periods of full
3 time permanent employment subsequent to retirement up to a
4 maximum of five years.

5 Section 2. Sections 16-25A-4, and 16-25A-5, Code of
6 Alabama, 1975 are hereby amended to read as follows:

7 "§16-25A-4.

8 The health insurance plan provided for in this
9 chapter shall be designed by the board to provide a reasonable
10 relationship between the hospital, surgical, and medical
11 benefits to be included and the expected hospital, surgical,
12 and medical expenses to be incurred by the affected employee
13 and retiree and dependents and to include reasonable controls,
14 which may include, but not limited to, deductible, copayment,
15 ~~and coinsurance provisions applicable to some or all of the~~
16 ~~benefits;~~ and other cost containment measures to prevent
17 unnecessary utilization of the various hospital, surgical, and
18 medical services available and to provide reasonable assurance
19 of stability in future years for the plan.

20 "§16-25A-5.

21 (a) The board is hereby empowered and authorized to
22 establish a fully insured or self-insured health insurance
23 plan for employees and, under certain conditions, retired
24 employees and to adopt and promulgate rules and regulations
25 for the administration of such plan subject to such
26 limitations as may be contained in this chapter. Such plan may
27 provide for group hospitalization, surgical, medical, cancer,
28 cash indemnity, and dental insurance against the financial
29 costs of hospitalization, surgical, and medical treatment and

1 care and may also include, among other things, prescribed
2 drugs, medicines, prosthetic appliances, hospital inpatient
3 and outpatient service benefits, and hospital/medical expenses
4 indemnity benefits, including major medical benefits or such
5 other coverage or benefits as may be deemed appropriate and
6 desirable by the board, within the limits of such funds as may
7 be available.

8 (b) Any member employee or, under certain
9 conditions, retired employee may elect an optional or
10 supplemental coverage provided by the board which shall
11 include but is not limited to dental, cancer, or indemnity
12 benefits. Such election shall be in accordance with the rules
13 and regulations and at such times as the board shall
14 prescribe. Election of an optional or supplemental coverage
15 shall be in lieu of primary coverage under the basic medical
16 plan, provided any individual covered under the basic medical
17 plan may elect an optional coverage upon agreeing to pay the
18 costs of such coverage. Any member employee or retired
19 employee who does not elect an optional or supplemental
20 coverage shall be deemed as a matter of law to have elected
21 basic medical primary coverage.

22 Section 3. Sections 16-25A-7, 16-25A-8, 16-25A-9,
23 and 16-25A-17, Code of Alabama, 1975 are hereby amended to
24 read as follows:

25 "§16-25A-7.

26 (a) The board is hereby authorized to execute a
27 contract or contracts to provide for the benefits or the
28 administration of ~~benefits under the plan of health insurance~~
29 ~~coverage~~ determined ~~upon~~ in accordance with the provisions of

1 this chapter. Such contract or contracts may be executed with
2 one or more agencies or corporations licensed to transact or
3 administer group health insurance business in this state. All
4 of the benefits to be provided under this chapter may be
5 included in one or more similar contracts issued by the same
6 or different companies. The board is further authorized to
7 develop a plan whereby it may become self-insured upon its
8 finding that such arrangement would be financially
9 advantageous to the state and plan participants;

10 (b) Before entering into any contract or contracts
11 authorized by subsection (a) of this section, said board shall
12 invite competitive bids from all qualified ~~insurers~~ entities
13 who may wish to administer or offer plans for the health
14 insurance coverage or the administrative services desired. The
15 board shall award such contract or contracts on a competitive
16 basis as determined by the benefits afforded, administrative
17 costs, the costs to be incurred by ~~both~~ employee, retiree and
18 employer, the experience of the offering company or agency in
19 the group health insurance field and its facilities for the
20 handling of claims. In evaluating these factors the board may
21 employ the services of impartial professional insurance
22 analysts or actuaries. The board shall reevaluate the contract
23 or contracts yearly, and renegotiate on a competitive basis at
24 least every three years.

25 (c) The board may authorize the carrier with whom
26 the primary contracts are executed to reinsure portions of
27 such contract with other such carriers which elect to be a
28 reinsurer and who are legally qualified to enter into
29 reinsurance agreement under the laws of this state;

1 (d) Each employee or retired employee who is covered
2 by the plan provided pursuant to this chapter shall receive
3 evidence of such coverage. In addition, each employee or
4 retired employee shall receive upon request information
5 setting forth the benefits to which the employee or retired
6 employee and his dependents are entitled, to whom such
7 benefits shall be payable, to whom claims shall be submitted,
8 and a summary of the provisions of the plan as they affect the
9 employee and his dependents;

10 (e) The plan shall require adequate notice in
11 writing to any participant whose claim for benefits under the
12 plan has been denied, setting forth the specific reasons for
13 such denial and shall afford a reasonable opportunity to any
14 participant whose claim for benefits has been denied for a
15 full and fair review by the claims administrator upon the
16 written request of the participant, within 60 days of the date
17 of denial, setting forth the specific reasons for review. The
18 claims administrator shall provide in writing, within 60 days
19 of the request for review, a final determination of the claim
20 provided that an extension of 60 days may be obtained upon
21 written notification to the participant. Review of a final
22 decision by the claims administrator shall be by the Circuit
23 Court of Montgomery County as provided for the review of
24 contested cases under the Alabama Administrative Procedure
25 Act, Section 41-22-20;

26 (f) The board may at the end of any contract period
27 discontinue any contract or contracts it has executed with any
28 carrier and replace same with a contract or contracts with any

1 other carrier or carriers meeting the requirements of this
2 chapter.

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

19 (1) Any documents, materials, or other information
20 in the control or possession of the Board that is furnished by
21 any entity or an employee or agent thereof acting on behalf of
22 the entity, or obtained by the Board in an audit, disclosure
23 or examination pursuant to Section 16-25A-7(g), and
24 conspicuously marked as "CONFIDENTIAL INFORMATION", shall be
25 confidential by law and privileged, shall not be subject to
26 any open records or freedom of information laws, shall not be
27 subject to subpoena, and shall not be subject to discovery or
28 admissible as evidence in any private civil action. However,
29 the Board is authorized to use the documents, materials or

1 other information in the furtherance of any administrative or
2 legal action to which the Board is a party.

3 (2) Information obtained through disclosures, audits
4 or examinations pursuant to Section 16-25A-7(g) shall be
5 conspicuously marked as confidential.

6 (3) Any person who shall knowingly and willfully
7 disclose any confidential information obtained pursuant to
8 Section 16-25A-7(g), and identified as "CONFIDENTIAL", shall
9 be guilty of a Class C misdemeanor."

10 (4) For the purposes of this Article, Confidential
11 Information shall not include information that: can be
12 demonstrated to have been in the public domain as of the
13 effective date of this agreement, or legitimately comes into
14 the public domain through no fault of the Board; can be
15 demonstrated to have been known to the Board prior to its
16 receipt by the Board; was received by the Board from a third
17 party which obtained it legally; was developed by personnel
18 of the Board without knowledge of or reliance on Confidential
19 Information; and is permitted to be disclosed or used
20 pursuant to express written consent by an entity.

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

25 (h) The Public Education Employees' Health Insurance
26 Board may enter into contracts of the State Employees'
27 Insurance Board that were awarded through a competitive bid
28 process, upon the mutual consent of the State Employees'
29 Insurance Board and the contractor.

1 "§16-25A-8.

2 (a) The Public Education Employees' Health Insurance
3 Board is hereby authorized to provide under the contract, or
4 ~~contracts, or other arrangements~~ entered into under the
5 provisions of this chapter an insurance benefit plan for each
6 covered employee and, under certain conditions, retired
7 employees; the cost of such plan may be funded in part or in
8 full through monthly premiums per active employee from the
9 same source of funds as those used for the payment of salaries
10 of active members and in part from other funds.

11 (b) On or before January 1 next preceding each
12 regular meeting of the Legislature, the board shall certify to
13 the Governor and to the Legislature the amount or amounts
14 necessary to fund coverage for benefits authorized by this
15 chapter for the following fiscal year for employees and for
16 retired employees as a monthly premium per active member per
17 month. The Legislature shall set the premium rate in the
18 annual appropriation bill.

19 (c) Any eligible retired employee may elect to
20 participate in the plan authorized by this chapter provided
21 that such retired employee shall agree to have withheld the
22 employee contribution. from each monthly retirement payment ~~an~~
23 ~~amount equal to the entire cost of such coverage; provided,~~
24 ~~however, that such amount withheld shall be reduced to the~~
25 ~~extent of any amount which is included in the active employee~~
26 ~~rate for that purpose. For those retired employees eligible~~
27 ~~for the federal Medicare program the aforesaid amount to be~~
28 ~~withheld shall be an amount equal to the cost of such~~
29 ~~insurance benefit plan for coverage of a retired employee~~

1 ~~eligible to receive benefits under the federal Medicare~~
2 ~~program. For those retired employees not eligible for the~~
3 ~~federal Medicare program such amount to be withheld and~~
4 ~~coverage provided shall be equal to the cost of such insurancee~~
5 ~~benefit plan for employees.~~

6 (d) For any fiscal year in which the monthly premium
7 certified under subsection (a) for hospital/medical insurance
8 per eligible employee is less than the cost of said coverage
9 per eligible employee, then the difference in cost per
10 eligible employee shall be submitted for each eligible
11 employee by the employing board, institution or agency monthly
12 to the board, the sum of which may be any combination of
13 employee funds collected through monthly payroll deduction and
14 employing board, institution or agency funds; in any fiscal
15 year in which the monthly premium for hospital/medical
16 insurance for retired employees is less than the cost of said
17 coverage, then the difference in cost per eligible retired
18 employee as defined in subsection (c) shall be withheld from
19 the monthly retirement check of said retired employee.

20 (e) Each employee and retired employee shall be
21 entitled to have his spouse and dependent children, as defined
22 by the rules and regulations of the board, included in the
23 coverage provided upon agreeing to pay the ~~costs of such~~
24 ~~coverage~~ employee's contribution of the health insurance
25 premium for such dependents. The board shall adopt regulations
26 governing the discontinuance and resumption by such employees
27 of coverage for dependents, and in the event of the death of
28 an employee or retired employee, provisions whereby their
29 spouse and dependents may elect to continue that coverage;

1 provided, however, that the spouse and dependents shall pay
2 the full cost of their coverage. During any period in which an
3 employee's or retired employee's dependents are covered under
4 this chapter, there shall be withheld from the salary payment
5 of such employee or the monthly retirement allowance of such
6 retired employee, the ~~entire premium cost~~ employee's
7 contribution of the health insurance premium for coverage of
8 such dependents under the terms of any contract, contracts, or
9 arrangement entered into in accordance with the provisions of
10 this chapter.

11 (f) There is hereby created in the State Treasury a
12 fund to be known as the Public Education Employees' Health
13 Insurance Fund. Such fund shall consist of and there shall be
14 deposited into such fund all employer paid premiums under the
15 provisions of subsection (b) of this section and all premiums
16 paid by employees and retired employees under the provisions
17 of this section and any other premiums paid under the
18 provisions of this chapter. The board shall designate a
19 custodian of this fund who shall be authorized to make
20 deposits into and payments therefrom in accordance with
21 contracts entered into by said board; in addition, any income
22 arising from the investment or deposit of the assets of said
23 fund shall accrue solely to the benefit of said fund.

24 (g) Any state appropriation from the Education Trust
25 Fund for the fiscal year ending September 30, 1984, and any
26 subsequent fiscal year employer premium payments for
27 hospital/medical insurance for eligible employees as defined
28 under the provisions of this chapter which are made by any
29 institution, board or agency whether heretofore or hereafter

1 made, shall be deposited in the fund created in subsection (f)
2 of this section and shall be used to fund coverage for the
3 benefits authorized by the provisions of this chapter.

4 Disbursement of such funds shall be in accordance with the
5 provisions of subsection (b) of this section.

6 (h) Premiums required to be paid by the employer
7 together with any premiums deducted from employees'
8 compensation shall be paid to the Public Education Employees'
9 Health Insurance Fund on the first day of the month for which
10 coverage is applicable and the first day of each month
11 thereafter. Monthly reports of the coverage type and premium
12 amount for each covered employee shall be submitted in a
13 format prescribed by the Public Education Employees' Health
14 Insurance Fund.

15 (i) Each university which has not elected to
16 participate in the Public Education Employees' Health
17 Insurance Plan shall pay the cost of insuring each employee
18 retired from such university who elects to participate under
19 the Public Education Employee Health Insurance Plan. Such
20 costs shall be determined in the same manner as is determined
21 for all other retired employees by using the previous fiscal
22 year's claims for all retired employees increased by the
23 expected claims trend for the current fiscal year, as provided
24 by the Public Education Employees' Health Insurance Board's
25 claims administrator. Such amount shall be reduced by the
26 premiums to be paid by the retired employees during the
27 current fiscal year. The Public Education Employees' Health
28 Insurance Board shall invoice each university monthly, and the
29 university shall pay the board within 30 days of the date of

1 the date of the invoice. If payment is not made within 30
2 days, the Department of Finance is hereby authorized to pay
3 the amount due to the Public Education Employees' Health
4 Insurance Fund directly from funds appropriated to the
5 university.

6 "§16-25A-9.

7 (a) All employees and, under certain conditions,
8 retired employees as defined in Section 16-25A-1 at the time
9 of adoption and execution by the board of a contract or other
10 arrangement providing for group health insurance plans and who
11 are eligible for coverage under the provisions of this chapter
12 and the rules and regulations of the board adopted pursuant
13 thereto shall have the option to be included in such coverage
14 of the plan and shall have an option as to whether they will
15 subscribe to such coverage for their dependents, such option
16 to be exercised in the manner and within the time limitation
17 prescribed by the board;

18 (b) All persons who become employees, as defined by
19 the terms of this chapter and the rules and regulations
20 promulgated by the board pursuant thereto, shall become
21 eligible for membership in the group health insurance plan
22 offered by their employing board and shall have an option as
23 to whether they will subscribe to such coverage for their
24 dependents; provided, that such coverage may be deferred
25 during any reasonable waiting period provided in the contract
26 or contracts.

27 Section 4. Sections 16-25A-17.1, 16-25A-19, 16-25A-
28 20, 16-25A-21, 16-25A-22, 16-25A-5.1, and 16-25A-2.1 are added
29 to the Code of Alabama, 1975 to read as follows:

1 "§16-25-17.1. Assistance to low income employees and
2 retirees.

3 The Board shall provide assistance to low-income
4 employees and retirees who meet the federal poverty levels
5 defined in this section, effective October 1, 2005 and for
6 each fiscal year thereafter. (a) For employees and retirees
7 who contribute to the cost of their health insurance premium
8 and with annual income (determined as provided below on an
9 aggregate basis for an employee or retiree and spouse) equal
10 to or below 200 percent of the Federal Poverty Level, the
11 employee or retiree contribution shall be reduced as follows:
12 (1) For employees or retirees with annual income equal to or
13 less than 100 percent of the Federal Poverty Level, the
14 employee contribution will be calculated using 50 percent of
15 the applicable premium; (2) For employees or retirees with
16 annual income equal to or less than 125 percent of the Federal
17 Poverty Level, but more than 100 percent of the Federal
18 Poverty Level, the employee contribution will be calculated
19 using 60 percent of the applicable premium; (3) For employees
20 or retirees with annual income equal to or less than 150
21 percent of the Federal Poverty Level, but more than 125
22 percent of the Federal Poverty Level, the employee
23 contribution will be calculated using 70 percent of the
24 applicable premium; (4) For employees or retirees with annual
25 income equal to or less than 175 percent of the Federal
26 Poverty Level, but more than 150 percent of the Federal
27 Poverty Level, the employee contribution will be calculated
28 using 80 percent of the applicable premium; (5) For employees
29 or retirees with annual income equal to or less than 200

1 percent of the Federal Poverty Level, but more than 175
2 percent of the Federal Poverty Level, the employee
3 contribution will be calculated using 90 percent of the
4 applicable premium. (b) For employees or retirees with
5 children otherwise eligible for the federal Children's Health
6 Insurance Program, such children shall receive the same level
7 of benefits as children covered under the Children's Health
8 Insurance Program. (c) An application procedure shall be
9 devised and implemented by the Board through which employees
10 and retirees may apply for the Federal Poverty Level
11 assistance described in this section. For purposes of applying
12 for Federal Poverty Level assistance, the annual income of an
13 employee or retiree shall be aggregated with the annual income
14 of the spouse of such employee or retiree and shall include
15 all sources of income including, but not limited to, wages,
16 pension benefits, Social Security benefits, that may be
17 included in gross income for purposes of Federal income
18 taxation. Applicants must submit with their application a
19 copy of their Federal tax return and, if the applicant did not
20 file a joint return with his or her spouse, a copy of the
21 spouse's Federal tax return. Any reduction in an employee's or
22 retiree's contribution pursuant to this section shall not be
23 considered income of the employee or retiree for purposes of
24 determining Medicaid eligibility for such employee or retiree.

25 "§16-25A-19.

26 The Board shall maintain records in sufficient
27 detail to accurately determine the total health insurance
28 costs and the contributions toward health insurance premiums
29 by employees and retirees, separately and in composite form.

1 Not later than 90 days after the end of each fiscal year the
2 Board shall prepare a written report that contains a
3 calculation of the total cost of health insurance premiums for
4 such fiscal year and the amount of contributions by employees
5 and retirees to the cost of such health insurance premiums and
6 the cost of such coverage that shall be paid by the employer
7 for the next fiscal year. Such report shall contain
8 sufficient detail to determine the total cost of health
9 insurance premiums for each class of employees of retiree and
10 the amount of contributions by each class of employees or
11 retirees. Such report shall be prepared or verified by an
12 independent firm employed by the Board with skill and
13 experience in reporting for such matters.

14 "§16-25A-20. Submitting False Information.

15 Any employee or retiree knowingly and willfully
16 submitting materially false information to the Board shall,
17 upon a determination by the Board, (a) repay all claims and
18 other expenses incurred by the health insurance plan related
19 to false or misleading information submitted by the employee
20 or retiree in addition to a charge based on the applicable
21 interest rate paid by the state under Code Section 40-1-44.

22 "§16-25A-21. Flexible Employees Benefits Programs.

23 Employee premium contributions shall be deducted, by
24 all employers, from payroll on a pretax basis as permitted
25 under Section 125, IRS Code. The Board is authorized to
26 transfer the necessary funds from the Public Education
27 Employees' Health Insurance Plan to the fund established by
28 the Public Education Flexible Employees' Benefits Board for
29 the administration of the Public Education Flexible Employees

1 Benefits Program. All public education employees shall be
2 offered flexible spending accounts by employers for pre-tax
3 deductions for medical and childcare expenses.

4 "§16-25A-22. Surcharge on smokers; changes in
5 contributions.

6 (a) A surcharge on smokers and users of tobacco
7 products shall be added to the employee and retiree
8 contribution by the Board to be effective October 1, 2005.

9 (b) No further increase in employee or retiree share
10 of the health insurance premium or other out-of-pocket
11 expenses, including but not limited to any surcharge, copay,
12 or deductible, may be enacted unless the Executive Director
13 certifies that after proper evaluation said increase is
14 justified. Additionally, no increase in employee or retiree
15 share of the health insurance premium, surcharge, co-pay,
16 deductible, or other out-of-pocket expenses may be enacted by
17 less than a two-thirds vote of the Board members present."

18 "§16-25A-5.1. Supplemental policy to provide
19 secondary coverage for employees.

20 The Board may, no later than January 1, 2006, offer
21 employees a supplemental policy that provides secondary
22 coverage to other employer group coverage.

23 (a) For employees who have spouses with other
24 employer group health insurance coverage available to them
25 through their employer or previous employer, the Board may
26 provide such employees and retirees with a supplemental
27 coverage policy to the other employer group health insurance
28 coverage in lieu of full basic medical plan coverage through
29 the Plan.

1 (b) Employers that provide some or all employees,
2 directors, officers or owner other employer group health
3 insurance coverage shall not disqualify or otherwise limit an
4 employee or their spouse from receiving health care benefits.

5 "§16-25A-2.1.

6 The Public Education Employees' Health Insurance
7 Board shall constitute a body corporate for the purposes of
8 management of the health insurance plan. The Board shall have
9 all powers and may enforce all existing rights and claims,
10 privileges of a corporation and hold its cash and securities
11 and other property in trust for the purpose for which
12 received; provided, however that as instrumentalities of the
13 state, funded by the state, the Public Education Employees'
14 Health Insurance Board, their officers, and their employees
15 shall be immune from suit to the same extent as the state, its
16 agencies, officers, and employees."

17 Section 5. All laws or parts of laws, general,
18 special, private or local, in conflict with or inconsistent
19 with the provisions of this act are hereby expressly repealed.
20 If it is determined by a court of competent jurisdiction that
21 any provision of this act shall contravene any constitutional
22 provision or amendment, either now in effect or in the future,
23 then only that conflicting provision or provisions in this act
24 shall be deemed null and void.

25 Section 6. This act shall become effective upon its
26 passage and approval by the Governor and upon passage and
27 approval by the Governor of House Bills ___ of the First
28 Special Session of 2004 of the Alabama Legislature. In the
29 event that House Bills ___ of the First Special Session of
30 2004 are not passed and approved, then this act shall become
31 null and void.