

1 HB459
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3 By Representative Pettus
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SYNOPSIS: Under existing law, the State Employees' Health Insurance Plan and the Public Education Employees' Health Insurance Plan are governed by the State Employees' Insurance Board (SEIB) and the Public Education Employees' Health Insurance Board (PEEHIB), respectively.

This bill would create a new board, titled the Public Employees' Health Insurance Board (PEHIB), to govern these two health insurance plans.

This bill would provide for the membership of the board, election and qualifications of certain members, and terms for appointed and elected members.

This bill would provide that all references to the State Employees' Insurance Board and the Public Education Employees' Health Insurance Board in state law be amended to reference the Public Employees' Health Insurance Board.

1 respectively; to provide for the membership of the board,
2 election and qualifications of certain members, and terms for
3 appointed and elected members; to provide that the board shall
4 have all powers currently held by the State Employees'
5 Insurance Board and the Public Education Employees' Health
6 Insurance Board; to amend Sections 9-10A-20, 11-91-8,
7 11-91A-1, 11-91A-2, 11-91A-4, 11-91A-5, 11-91A-6, 11-91A-7,
8 12-5A-9, 16-13-231, 16-25A-1, 16-25A-2, 16-25A-2.1, 16-25A-3,
9 16-25A-7, 16-25A-8, 16-25A-15, 16-25A-16, 16-25A-17,
10 16-25A-42, 22-11A-118, 36-1-6.2, 36-27-6.4, 36-29-1, 36-29-3,
11 36-29-5, 36-29-6, 36-29-13, 36-29-14, 36-29-14.1, 36-29-15,
12 36-29-17, 36-29-18, 36-29-19.9, 36-29A-2, 36-34-2, 36-35-3,
13 36-36-1, 36-36-3, 36-36-4, 36-36-5, 36-36-6, 36-36-7, and
14 41-10-725, Code of Alabama 1975, relating to the State
15 Employees' Insurance Board and the Public Education Employees'
16 Health Insurance Board; to provide that all references to the
17 State Employees' Insurance Board and the Public Education
18 Employees' Health Insurance Board be amended to reference the
19 Public Employees' Health Insurance Board; to allow the Public
20 Employees' Health Insurance Board to combine the State
21 Employees' Health Insurance Plan and the Public Education
22 Employees' Health Insurance Plan; to revise the membership of
23 the Public Education Flexible Employees Benefits Board, the
24 Health Care Data Advisory Council, and the Alabama
25 Prescription Cost Initiative Board to add members of the
26 Public Employees' Health Insurance Board and to remove members
27 of the State Employees' Insurance Board and the Public

1 Education Employees' Health Insurance Board; to revise the
2 Alabama Retired Education Employees' Health Care Trust and
3 Alabama Retired State Employees' Health Care Trust to provide
4 for governance by the Public Employees' Health Insurance
5 Board; and to repeal Section 36-29-2, Code of Alabama 1975,
6 relating to the State Employees' Insurance Board.

7 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

8 Section 1. There is hereby created the Public
9 Employees' Health Insurance Board (PEHIB), hereafter referred
10 to in this chapter as the board. This board is established as
11 the governing body of the health insurance plans defined in
12 Title 16, Chapter 25A and Title 36, Chapter 29. This board
13 shall have the authority and responsibility to provide for the
14 general administration and proper operation of these plans.

15 Section 2. (a) The board shall consist of the
16 following members:

17 (1) The State Superintendent of Education, ex
18 officio, or his or her designee;

19 (2) The State Director of Finance, ex officio, or
20 his or her designee;

21 (3) The State Health Officer, ex officio, or his or
22 her designee;

23 (4) The State Personnel Director, ex officio, or his
24 or her designee;

25 (5) The Secretary-Treasurer of the Employees'
26 Retirement System, ex officio, or his or her designee;

1 (6) One person appointed by the Governor, whose term
2 shall expire November 1, 2018;

3 (7) One person appointed by the Lieutenant Governor,
4 whose term shall expire November 1, 2018;

5 (8) One person appointed by the President Pro
6 Tempore of the Alabama Senate, whose term shall expire
7 November 1, 2019;

8 (9) One person appointed by the Speaker of the
9 Alabama House of Representatives, whose term shall expire
10 November 1, 2019;

11 (10) An active governmental employee of the state
12 covered by the State Employees' Health Insurance Plan and
13 elected to the board by the full-time state employees
14 receiving benefits of the State Employees' Health Insurance
15 Plan;

16 (11) A retired employee of the state covered by the
17 State Employees' Health Insurance Plan and elected to the
18 board by the retired state employees receiving benefits of the
19 State Employees' Health Insurance Plan;

20 (12) An active governmental employee covered by the
21 Public Education Employees' Health Insurance Plan and elected
22 to the board by the full-time employees receiving benefits of
23 the Public Education Employees' Health Insurance Plan;

24 (13) A retired employee covered by the Public
25 Education Employees' Health Insurance Plan and elected to the
26 board by the retired employees receiving benefits of the
27 Public Education Employees' Health Insurance Plan;

1 (b) The present ex officio officers named shall fill
2 the ex officio positions on the board, and their successors in
3 office, by virtue of assuming such office, shall succeed to
4 membership on the board.

5 (c) After the expiration of the original terms of
6 the appointed board members, all subsequent terms shall be for
7 four years, except for appointments to fill unexpired terms,
8 which shall expire on the same date their predecessor's term
9 expired.

10 The appointed board members shall also possess a
11 knowledge and understanding of health care, insurance, or
12 employee benefits.

13 (d) The public employee representative board members
14 shall be appointed by a statewide election conducted under the
15 supervision and direction of the board. These board members
16 shall be elected by a majority vote of those participating in
17 such election. Each of these board members shall be elected to
18 four year terms. The board may establish rules and regulations
19 to govern such elections and ensure that all eligible active
20 and retired employees are afforded the opportunity to vote.
21 The terms of these board members shall begin after they have
22 qualified and taken the oath of office.

23 (e) Each board member shall, within 10 days after
24 his or her appointment or election to the board, take an oath
25 of office that, so far as it devolves on him or her, he or she
26 will diligently and honestly administer the affairs of the
27 board herein established, and that he or she will not

1 knowingly violate, or willingly permit to be violated, any of
2 the provisions of law applicable to the Public Education
3 Employees' Health Insurance Plan or the State Employees'
4 Health Insurance Plan. Such oath shall be subscribed to by the
5 member making it, certified by the officer before whom it is
6 taken, and immediately filed in the office of the Secretary of
7 State;

8 (f) The membership of the board shall be inclusive
9 and reflect the racial, gender, geographic, urban/rural, and
10 economic diversity of the state.

11 Section 3. (a) Each board member shall be entitled
12 to one vote on the board. A majority of the board shall
13 constitute a quorum for the transaction of business. A
14 majority vote shall be necessary for a decision by the board
15 members of any meeting of the board. In case of a tied vote,
16 the decision shall fail. All meetings of the board shall be
17 conducted in accordance with Robert's Rules of Order, as most
18 recently revised.

19 (b) The board shall elect from its members a
20 chairperson by a majority vote.

21 (c) The board members shall serve without
22 compensation for their services as board members, but they
23 shall be reimbursed from the board's funds for all necessary
24 expenses that they may incur through service on the board.

25 (d) The board shall keep a record of all of its
26 proceedings which shall be open to public inspection and shall
27 be subject to the Alabama Open Meetings Act.

1 Section 4. The board is vested with all powers
2 relating to the operation and administration of health
3 insurance plans, as listed in Title 16, Chapter 25A and Title
4 36, Chapter 29, including Sections 16-25A-5 and 36-29-4,
5 respectively, as well as those powers established in this
6 chapter.

7 Section 5. (a) The current boards governing the
8 State Employees' Health Insurance Plan and the Public
9 Education Employees' Health Insurance Plan shall remain in
10 effect until January 1, 2017, whereupon the Public Employees'
11 Health Insurance Board, as created in this act, shall assume
12 all duties and responsibilities of the governance and
13 administration of the aforementioned health insurance plans.

14 (b) Prior to January 1, 2017, the ex officio and
15 appointed members of the board created by this act shall meet
16 to provide for the election of the public employee
17 representative members. The ex officio and appointed members
18 shall also determine the date of the board's first meeting to
19 be held on or after January 1, 2017.

20 (c) Except as provided in subsections (a) and (b) of
21 this section, the members of the board created by this act
22 shall exercise no action under the authority of the board
23 created by this act prior to January 1, 2017.

24 Section 6. Sections 9-10A-20, 11-91-8, 11-91A-1,
25 11-91A-2, 11-91A-4, 11-91A-5, 11-91A-6, 11-91A-7, 12-5A-9,
26 16-13-231, 16-25A-1, 16-25A-2, 16-25A-2.1, 16-25A-3, 16-25A-7,
27 16-25A-8, 16-25A-15, 16-25A-16, 16-25A-17, 16-25A-42,

1 22-11A-118, 36-1-6.2, 36-27-6.4, 36-29-1, 36-29-3, 36-29-5,
2 36-29-6, 36-29-13, 36-29-14, 36-29-14.1, 36-29-15, 36-29-17,
3 36-29-18, 36-29-19.9, 36-29A-2, 36-34-2, 36-35-3, 36-36-1,
4 36-36-3, 36-36-4, 36-36-5, 36-36-6, 36-36-7, 41-10-725, Code
5 of Alabama 1975, are hereby amended to read as follows:

6 "§9-10A-20.

7 "(a) Full-time employees of a watershed management
8 authority shall be included in the definitions of "employee"
9 as provided in Section 36-29-1(1), and shall be entitled to
10 the same health insurance benefits and required to make the
11 same contributions as other state employees. The watershed
12 management authority is hereby authorized to pay the
13 employer's share for said health insurance to the State Public
14 Employees' Health Insurance Board.

15 "(b) Full-time employees of a watershed management
16 authority shall be entitled to all benefits granted state
17 employees.

18 "§11-91-8.

19 "The governing body of any county, municipality, or
20 a public agency which is an employer participating in the
21 Employees' Retirement System pursuant to Section 36-27-6, or
22 in the local government health insurance program of the State
23 Public Employees' Health Insurance Board may, upon a majority
24 vote of its members, elect to allow the retired employees of
25 such a county, municipality, or public agency to participate
26 in any health, hospitalization, surgical, or medical insurance
27 program made available to regular employees, or any related

1 health program for retirees selected by the governing body
2 including the local government health program offered by the
3 ~~State Public~~ Employees' Health Insurance Board. Such a county,
4 municipality, or public agency may pay all, or any part, or
5 none of the cost thereof or the premiums thereon for current
6 or future retirees from any funds in the county, municipal, or
7 public agency treasury not otherwise appropriated.

8 "§11-91A-1.

9 "For the purpose of this chapter, the following
10 words have the following meanings:

11 "(1) BOARD. The Local Government Health Insurance
12 Board established in this chapter.

13 "(2) PROGRAM. The Local Government Health Insurance
14 Program as provided by the ~~State Public~~ Employees' Health
15 Insurance Board prior to April 9, 2014, and as transferred and
16 further provided for pursuant to this chapter.

17 "§11-91A-2.

18 "(a) The Local Government Health Insurance Board
19 shall govern and administer the Local Government Health
20 Insurance Program currently governed and administered by the
21 ~~State Public~~ Employees' Health Insurance Board ~~(SEIB)~~ (PEHIB)
22 pursuant to Chapter 29 of Title 36. The transfer of the
23 governance and administration to the board shall take effect
24 at 12:01 a.m. on January 1, 2015, and thereafter the board
25 shall take all control and responsibility for the program
26 under procedures and authority set out in this chapter.

1 "(b) The program governed and administered by the
2 board shall provide a reasonable relationship between the
3 health care benefits to be included and the expected health
4 care expenses to be incurred by affected employees, retirees,
5 and their dependents. The board may establish a fully insured
6 or self-insured health care plan for employees and retirees as
7 defined in this chapter and may adopt and promulgate rules for
8 the administration of the program. The program shall include
9 appropriate controls to provide reasonable assurance of its
10 stability in future years, which may include, but are not
11 limited to, deductibles, copayments, coinsurance, and other
12 cost containment measures such as medical management,
13 utilization review, wellness initiatives, and case management
14 for the purpose of making the benefit plan more cost
15 effective.

16 "(c) Except as otherwise provided herein, the
17 program shall be funded solely from contributions of the
18 employer participants of the program and shall not receive any
19 funding from the state. The governing bodies of entities
20 participating in the program (hereinafter "employer
21 participants") are authorized to make appropriations to the
22 board as necessary for the proper administration of the
23 program including the payment of premiums as provided in this
24 chapter or under rules and regulations promulgated by the
25 board.

1 "(d) Notwithstanding the provisions of Section
2 36-29-14, the following entities and organizations shall be
3 employer participants in the program:

4 "(1) All entities and organizations which are active
5 participants in good standing in the Local Government Health
6 Insurance Program governed and administered by ~~SEIB~~ PEHIB
7 immediately prior to 12:01 a.m. on January 1, 2015.

8 "(2) Subject to acceptance by the board, any of the
9 following entities or organizations not already employer
10 participants in the program pursuant to subdivision (1) which
11 by resolution legally conforming to rules prescribed by the
12 board elects to have its elected officials, full-time
13 employees, and retired employees become eligible for health
14 care coverage under the program: Any county, any municipality,
15 any municipal foundation, any fire or water district,
16 authority, or cooperative, any regional planning and
17 development commission established pursuant to Sections
18 11-85-50 through 11-85-73; the Association of County
19 Commissions of Alabama; the Alabama League of Municipalities;
20 the Alabama Retired State Employees' Association; the Alabama
21 State Employees Credit Union; Easter Seals Alabama; Alabama
22 State University; the Alabama Rural Water Association; Rainbow
23 Omega, Incorporated; The Arc of Alabama, Incorporated, and any
24 of the affiliated local chapters of The Arc of Alabama,
25 Incorporated; United Ways of Alabama and its member United
26 Ways; any railroad authority organized pursuant to Chapter 13

1 of Title 37; or any solid waste disposal authority organized
2 pursuant to Chapter 89A of Title 11.

3 "(e) The agreement of an employer participant to
4 have its full-time employees, elected officials, retirees, and
5 dependents covered under the program may be revoked only if
6 the employer participant, by resolution of its governing body,
7 signifies its intention and desire to withdraw from the
8 program. Any resolution to withdraw shall be delivered to the
9 board by certified mail no later than six months prior to the
10 effective date of withdrawal. Any employer participant that
11 withdraws from participation in the program shall be
12 responsible for paying any claims incurred prior to the date
13 of withdrawal that are not reported and paid by the date of
14 withdrawal and, on and after the date of withdrawal, shall be
15 liable for interest accrued at a rate of one and one-half
16 percent per month on any monies due the board which are over
17 30 days past due.

18 "(f) Any organization that provides or administers
19 health care benefits through or on behalf of the board shall
20 not provide or administer health care benefits to any entity
21 that withdraws from the program for a period of two years from
22 the effective date of withdrawal.

23 "(g) The board shall promulgate rules as may be
24 necessary for the effective administration of this section.

25 "§11-91A-4.

26 "(a) Notwithstanding the provisions of Section
27 36-29-14, the board shall have exclusive responsibility and

1 control over the program as of 12:01 a.m. on January 1, 2015.
2 In order to make proper preparation to assume all
3 responsibility and control for the program effective at 12:01
4 a.m. on January 1, 2015, the board shall be in place no later
5 than September 1, 2014, and shall hold its organizational
6 meeting no later than October 1, 2014. The ~~SEIB~~ Public
7 Employees' Health Insurance Board shall be responsible for
8 setting and conducting the initial board elections required
9 under subsection (c) and for ensuring that all appointing
10 authorities for board appointments as set out in subsection
11 (c) are notified of appointments to be made pursuant to this
12 chapter. In order to ensure that all board members are
13 appointed or elected no later than September 1, 2014, all
14 appointments shall be made and all elections conducted no
15 later than August 15, 2014. All elections held after January
16 1, 2015, shall be conducted by the chief executive officer of
17 the board under rules promulgated by the board.

18 "(b) The board shall consist of members appointed or
19 elected as set out in subsection (c) who shall serve a
20 three-year term expiring on December 31 of the third year;
21 provided that, in order to establish staggered terms for board
22 members, the initial terms of office for board members shall
23 be as set out in subsection (c). All members of the board may
24 be re-elected or re-appointed to successive terms.

25 "(c) The membership of the board shall consist of
26 the following:

1 "(1) Three members who are representatives of
2 municipal government from municipal employer participants
3 appointed by the Alabama League of Municipalities. Initial
4 appointments shall be for staggered terms with one member
5 appointed to an initial term expiring on December 31, 2015;
6 one member appointed to an initial term expiring on December
7 31, 2016; and one member appointed to an initial term expiring
8 on December 31, 2017.

9 "(2) Three members who are representatives of county
10 government from county employer participants appointed by the
11 Association of County Commissions of Alabama. Initial
12 appointments shall be for staggered terms with one member
13 appointed to an initial term expiring on December 31, 2015;
14 one member appointed to an initial term expiring on December
15 31, 2016; and one member appointed to an initial term expiring
16 on December 31, 2017.

17 "(3) One member who is a retired employee
18 participating in the program appointed by the Alabama Retired
19 Employees' Association. The member appointed pursuant to this
20 subdivision shall serve a three-year term, provided that the
21 retiree first appointed shall serve an initial term expiring
22 on December 31, 2015.

23 "(4) One member who is an active full-time employee
24 of municipal or county government with at least 10 years of
25 creditable coverage in the program who is elected by the
26 full-time employees of municipalities and counties
27 participating in the program pursuant to procedures set out in

1 subsection (a). The member elected pursuant to this
2 subdivision shall serve a three-year term, provided that the
3 member first elected shall serve an initial term expiring on
4 December 31, 2016.

5 "(5) One member who is either an active full-time
6 employee of an employer participant that is not a county or
7 municipality with at least 10 years of creditable coverage in
8 the program or a retiree participating in the program. This
9 member shall be elected by active full-time employees of an
10 employer participant that is not a county or municipality and
11 retirees participating in the program pursuant to procedures
12 set out in subsection (a). The member elected pursuant to this
13 subdivision shall serve a three-year term, with the initial
14 term of the member first elected expiring on December 31,
15 2017.

16 "(d) Any vacancy of an elected board member prior to
17 the expiration of his or her term shall be filled for the
18 remainder of the term by special election provided there are
19 at least 12 months remaining in the term. The special election
20 shall be conducted by the chief executive officer of the board
21 under rules and regulations promulgated by the board. Any
22 vacancy of an appointed board member shall be filled by the
23 original appointing authority for the remainder of the
24 unexpired term.

25 "§11-91A-5.

26 "(a) The organizational meeting of the board shall
27 be set no later than October 1, 2014, by the Chief Executive

1 Officer of the ~~SEIB~~ Public Employees' Health Insurance Board
2 (PEHIB). The first order of business at the organizational
3 meeting shall be the election of a chair and vice chair by
4 majority vote of the membership of the board. The Chief
5 Executive Officer of the ~~SEIB~~ PEHIB shall call the meeting to
6 order and preside only until the chair and vice chair are
7 elected. Thereafter, the board shall annually elect a chair
8 and vice chair by majority vote of the membership of the
9 board, provided that any chair or vice chair may be re-elected
10 and serve successive terms as chair or vice chair.

11 "(b) A majority of the members of the board shall
12 constitute a quorum for the transaction of business and each
13 member shall be entitled to one vote on all matters. Except
14 where otherwise provided, a majority vote of the board members
15 present shall be necessary for a decision by the board. The
16 board shall keep a record of all of its proceedings which
17 shall be open to public inspection and shall at all times
18 comply with Alabama's Open Meetings Law, Chapter 25A of Title
19 36.

20 "(c) Board members shall serve without compensation
21 for their services, but shall be reimbursed from the program
22 for all necessary expenses that they may incur through service
23 on the board.

24 "(d) The board shall be a state agency and shall
25 constitute a body corporate for the purpose of providing for
26 and participating in the management of the program. The board
27 shall have all powers and privileges of a corporation and may

1 enforce all existing rights and claims, and hold its cash and
2 securities and other property in trust for the purpose for
3 which received; provided, however, the board, its officers,
4 and its employees shall be immune from suit to the same extent
5 as the state, its agencies, officers, and employees.

6 "(e) The board shall be exempt from payment of all
7 fees and all taxes levied by the State of Alabama or any of
8 its subdivisions.

9 "§11-91A-6.

10 "(a) Except as otherwise provided in this chapter,
11 the ~~SEIB~~ Public Employees' Health Insurance Board (PEHIB)
12 shall provide for the administration of the program as
13 provided in Chapter 29 of Title 36, until the transfer of the
14 governance and administration of the program takes place as
15 provided herein. Effective at 12:01 a.m. on January 1, 2015,
16 all property rights and contractual obligations of the ~~SEIB~~
17 PEHIB related to the administration and governance of the
18 program shall be transferred to the board. The ~~SEIB~~ PEHIB and
19 its employees shall fully cooperate with the board in the
20 transfer of the governance and administration of the program
21 both prior to and after January 1, 2015, including, but not
22 limited to, providing the board with all the software
23 necessary to properly administer the program beginning on
24 January 1, 2015. Additionally, in order to affect an orderly
25 transfer, the administrator of the ~~SEIB~~ PEHIB shall serve as
26 the chief executive officer of the board for a period of not
27 less than 18 months beginning on January 1, 2015, and may

1 thereafter be retained as chief executive officer as provided
2 in subsection (h) of Section 11-91A-7.

3 "(b) The board shall compensate the ~~SEIB~~ PEHIB for
4 the cost of any software or other property transferred from
5 the ~~SEIB~~ PEHIB based upon the fair market value of such
6 software or other property at the time of transfer determined
7 by mutual agreement.

8 "(c) Any contracts executed between the ~~SEIB~~ PEHIB
9 and a contractor may be assigned to the board upon mutual
10 consent of all parties.

11 "§11-91A-7.

12 "The board shall have full, complete, and exclusive
13 jurisdiction over the program and shall allocate funds from
14 its treasury for the fulfillment and accomplishment of its
15 duties and responsibilities in a manner as may be necessary
16 and appropriate to carry out the purposes of this chapter. The
17 board shall have the general powers and authority granted
18 under the laws of this state for health insurers, and in
19 addition thereto, the specific authority to do all of the
20 following:

21 "(a) Subject to compliance with Section 11-91A-8
22 where applicable, execute a contract or contracts to provide
23 for the administration of the program in accordance with this
24 chapter. The contract or contracts may be executed with one or
25 more agencies or corporations licensed to transact or
26 administer group health care business in this state with

1 similar plans of the state for the joint performance of common
2 administrative functions.

3 "(b) Establish, and modify from time to time as
4 appropriate, rates, rate schedules, rate adjustments, expense
5 allowances, claim reserve formulas, and any other actuarial
6 function necessary and appropriate for the operation of the
7 program. Rates and rate schedules may be adjusted for
8 appropriate factors such as age, family size, smokers and
9 users of tobacco products, preventive care and wellness care
10 participation, and any such other categories of risk that the
11 board shall approve.

12 "(c) Appoint appropriate legal, actuarial, and other
13 committees as necessary to provide technical or program
14 assistance to the board.

15 "(d) Establish and maintain at a lawful depository
16 or depositories in the State of Alabama as it shall select a
17 Local Government Health Insurance Fund, composed of the money
18 or moneys which may come into its hands from premiums, fees,
19 assessments, grants, loans, or other sources, either public or
20 private. The funds shall be used by the board to pay the
21 administrative expenses of the board, pay medical claims costs
22 of the program, and maintain a reserve fund. No moneys
23 received or held by the board shall be co-mingled with any
24 other funds of the state or any governmental entity.

25 "(e) Borrow money to effect the purposes of this
26 chapter as determined appropriate by the board.

1 "(f) Take legal action as necessary, including, but
2 not limited to, bringing action to do any of the following:

3 "(1) Recover premiums, fees, assessments, and
4 penalties due the board.

5 "(2) Avoid the payment of improper claims against
6 the board or the coverage provided by or through the board.

7 "(3) Recover any amounts erroneously or improperly
8 paid by the board.

9 "(4) Recover any amounts paid by the board as a
10 result of mistake of fact or law.

11 "(5) Recover other amounts due the board.

12 "(g) Promulgate rules concerning the selection of
13 benefits offered and any other matters which in the opinion of
14 the board may be required for the effective administration of
15 this chapter.

16 "(h) Subject to subsection (a) of Section 11-91A-6,
17 employ or otherwise appoint a chief executive officer to serve
18 as manager of the program under the direction and supervision
19 of the board and as required under this chapter. The board may
20 appoint the chief executive officer of the ~~SEIB~~ Public
21 Employees' Health Insurance Board (PEHIB) to continue as chief
22 executive officer after the initial 18 months of service as
23 provided in subsection (a) of Section 11-91A-6 upon mutual
24 consent of the board and the ~~SEIB~~ PEHIB.

25 "(i) Employ and fix the compensation of employees,
26 consultants, actuaries, and other personnel as may be
27 necessary for carrying out the purposes and provisions of this

1 chapter. All compensation shall be paid from the funds of the
2 board. Employees of the board shall not be subject to the
3 state Merit System Act; provided, however, the board shall
4 offer its employees benefits equivalent to those offered to
5 employees of the State of Alabama, including retirement,
6 medical and dental care, and workers' compensation plans. The
7 employees of the board are eligible and may elect to
8 participate in the state health care plan under Chapter 29 of
9 Title 36, and in the State Employees' Retirement System under
10 Chapter 27 of Title 36.

11 "(j) Acquire property by purchase or lease.

12 "(k) Provide for reinsurance of risks incurred by
13 the program.

14 "(l) Issue additional types of health care policies
15 to provide optional coverage.

16 "(m) Adopt bylaws, policies, and procedures as may
17 be necessary or convenient for the implementation of this
18 chapter and the operations of the program.

19 "§12-5A-9.

20 "(a) Class specifications and rates of compensation
21 for employees covered by this chapter, juvenile probation
22 officers, juvenile probation professional staff, and clerical
23 staff, hereafter called "eligible employees," and any future
24 employees occupying those positions shall be established by
25 the Administrative Director of Courts. Notwithstanding the
26 foregoing, the compensation of any employee shall not be

1 diminished as a result of his or her inclusion in the state
2 court system personnel system.

3 "(b) Eligible employees included in the state court
4 system personnel system pursuant to this chapter shall, on
5 October 1 of the year their county transitions, be covered by
6 the Employees' Retirement System. An employee who on that date
7 is participating in a local retirement plan other than a unit
8 administered by the Employees' Retirement System may, by
9 written notice filed with both the Administrative Director of
10 Courts and the administrator of the local retirement plan
11 within 30 days prior to the date the employee joins the state
12 court system personnel system, elect to retain instead
13 membership in the local retirement plan. Upon election of an
14 employee and notice from the local retirement program of the
15 employer retirement contribution rate attributable to the
16 employee, the Administrative Director of Courts shall pay to
17 the local retirement plan the employer contribution for any
18 employee electing to retain local plan membership. The
19 employer contribution paid by the state to the local
20 retirement plan shall not exceed the employer contribution
21 paid by the state for eligible members transferring to the
22 Employees' Retirement System. The county shall pay into the
23 local plan any additional amount necessary to fully fund the
24 employer contribution pursuant to the local retirement plan.

25 "(1) Eligible employees who have participated in
26 retirement programs with units of local government, whether or
27 not the local programs have utilized the state employees'

1 retirement plan to administer the funding of the plans, shall
2 receive credit for prior service for which they have been
3 given credit under the local retirement programs. When an
4 eligible employee joins the Employees' Retirement System, the
5 total of all employer and employee contributions plus any
6 other amounts, including, but not limited to, interest
7 attributable to the account of the employee to which the
8 employee would have had the right to receive upon withdrawal
9 from the local retirement program, shall be transferred
10 immediately into the Employees' Retirement Fund on account of
11 the employee under the same rules and regulations applicable
12 to other members of the Employees' Retirement System on the
13 date the employee joins the Employees' Retirement System.
14 Amounts transferred shall not exceed the amount that would
15 have been received on behalf of the employee had the employee
16 been participating in the Employees' Retirement System for the
17 length of his or her creditable service. Any contribution
18 represented by annuities purchased by or through the previous
19 employer on account of the employment therewith of any
20 eligible employee and for his or her individual benefit shall
21 be immediately cashed out and the proceeds transferred along
22 with any other regular contributions to the Employees'
23 Retirement System.

24 "(2) Eligible employees who have participated in
25 unfunded local retirement programs or who have not
26 participated in retirement programs with units of local
27 government shall be granted prior service credit by the

1 Employees' Retirement System, based on length of previous
2 service in any position in juvenile probation services covered
3 by this chapter, to a maximum of five years. The
4 Secretary-Treasurer of the Employees' Retirement System shall
5 authorize and direct the Comptroller to pay from the Juvenile
6 Probation Services Fund the cost of granting prior service
7 credit in the amounts determined to be necessary, and the
8 Comptroller shall pay those amounts as necessary for both
9 employer and employee contributions into the Employees'
10 Retirement Fund on account of the eligible employee under the
11 same rules and regulations applicable to other members of the
12 Employees' Retirement System. In addition to the five-year
13 prior service credit described above, any eligible employee
14 may purchase prior service credit in any position covered by
15 this chapter, not to exceed actual years served, by direct
16 payment to the Employees' Retirement System, within one year
17 after October 1 of the year of transition in an amount as
18 determined to be necessary by the Employees' Retirement System
19 for the prior service credit desired.

20 "(3) Any unresolved issues relating to the
21 Employees' Retirement System, including eligibility,
22 membership, benefits, or any other similar question shall be
23 determined by the Board of Control of the system.

24 "(c) The Administrative Office of Courts shall
25 consult with each local personnel system prior to October 1 of
26 the year of transition, to determine the existence of any
27 formal leave accounting system for the benefit of those

1 persons joining the state court system personnel system, as
2 provided in this chapter. "Formal leave accounting system" as
3 used herein refers to a system with an established written
4 policy wherein annual and sick leave are earned in specified
5 increments and leave balances for each employee are maintained
6 on individual leave accounting cards or can be calculated
7 based on supportive documentation.

8 "(1) Each local personnel system operating a formal
9 leave accounting system for the benefit of any employee
10 covered by this chapter shall certify to the Administrative
11 Director of Courts the balance of all annual and sick leave
12 credited to each Employees' leave account as of the close of
13 business on September 30 of the year prior to transition. Upon
14 receipt of a properly certified leave balance from the
15 appropriate county commission, the Administrative Director of
16 Courts shall credit an individual's leave accounting card with
17 all unused annual and sick leave to which he or she was
18 entitled on September 30 of the year prior to transition.
19 Notwithstanding the foregoing, no individual shall be credited
20 with more than 480 hours of annual leave nor more than 1,200
21 hours of sick leave for any service rendered prior to his or
22 her inclusion in the state court system personnel system,
23 except that any sick leave earned in excess of this maximum
24 may be credited as a sick leave reserve which may be restored
25 to the Employees' sick leave account if that employee suffers
26 an extended illness or disability which results in a depletion
27 of his or her sick leave balance.

1 "(2) Employees entering the state court system
2 personnel system on October 1 of the year of transition, as
3 herein provided, who were not previously covered by a formal
4 leave accounting system shall begin participation in the leave
5 accrual program.

6 "(3) It shall be the responsibility of each county
7 commission to certify to the personnel division of the
8 Administrative Office of Courts, for eligible employees
9 covered by this chapter, their total service through September
10 30 of the year prior to transition. For eligible employees in
11 counties maintaining a formal leave accounting system, each
12 county shall certify the Employees' total service with the
13 county. For eligible employees in counties without a formal
14 leave accounting system, certification shall include only the
15 dates of employment in any position covered by this chapter.
16 An Employees' leave accumulation rate shall then be
17 established based on such service, and he or she shall begin
18 earning leave on October 1 of the year of transition, in
19 accordance with the rules and regulations applicable to other
20 employees in the state court system personnel system.

21 "(4) No compensatory leave shall be transferred to
22 the state court system personnel system.

23 "(d) On October 1 of the year of transition, all
24 employees covered by this chapter and any future employees
25 occupying positions covered by this chapter shall be included
26 in the health insurance plan for employees of the State of
27 Alabama under the same rules and regulations applicable to

1 other employees covered by that plan. Any waiting periods
2 applicable to coverage that would otherwise be applicable to
3 an employee joining the state's service are specifically
4 waived for employees covered by this chapter who have at least
5 nine months service prior to transition and provided further
6 that upon receipt of proof at least 30 days prior to October 1
7 of the year of transition, from any covered employee that his
8 or her family health insurance coverage was furnished as a
9 supplemental benefit to his or her employment immediately
10 prior to his or her inclusion in the state court system
11 personnel system, the Administrative Director of Courts shall
12 pay the cost of family coverage under the state health plan
13 for the individual. In lieu of coverage in the health
14 insurance plan for state employees as provided herein, any
15 employee covered by this chapter may elect instead to continue
16 to participate in the insurance program provided to the
17 employees of the local governmental unit. Notice of election
18 shall be filed by the individual both with the Administrative
19 Director of Courts and the local governmental unit providing
20 the coverage at least 30 days prior to the date the employee
21 joins the state court system personnel system. Upon receiving
22 notification, the state shall reimburse the local governmental
23 unit for the cost of providing this insurance coverage to the
24 employee. Should conditions cause this local governmental unit
25 to alter or discontinue the insurance coverage offered to its
26 employees after the transition date, any employee covered by
27 this chapter electing to participate in the local governmental

1 health insurance program shall be treated as any other
2 employee of the local governmental unit. If any alterations in
3 coverage made by the local governing body are unacceptable to
4 the employee covered by this chapter electing to participate
5 in the local insurance program, the Administrative Director of
6 Courts may take all reasonable action necessary to procure the
7 same or substantially the same coverage in substantially the
8 same amounts as was in effect on January 1 of the year of
9 transition. In any instance where the Administrative Director
10 of Courts is unable to procure the same or substantially the
11 same coverage as herein provided, he or she shall notify the
12 employee who shall then be included in the health insurance
13 plan for employees of the State of Alabama under the same
14 provisions as applicable to employees covered by this chapter
15 who joined the plan on October 1 of the year of transition.
16 Any covered employee who elects to retain coverage under any
17 local insurance program as provided herein, may, during any
18 period of open enrollment as specified by the ~~State~~ Public
19 Employees' Health Insurance Board, elect to come under the
20 State Employees' Health Insurance Plan in lieu of any local
21 insurance program. The election shall be made in accordance
22 with any procedure prescribed by the ~~State~~ Public Employees'
23 Health Insurance Board, with a written copy of the notice
24 being filed with the Administrative Director of Courts. All
25 waiting periods applicable to coverage that would otherwise
26 apply to other employees joining the state service or their
27 dependents, shall also apply to any person making an election

1 under this subsection. All questions regarding coverage under
2 the health insurance plan for employees of the State of
3 Alabama as provided in this chapter shall be directed to the
4 ~~State~~ Public Employees' Health Insurance Board for its
5 determination.

6 "§16-13-231.

7 "(a) In addition to all other appropriations and
8 apportionments of public school money now provided by law and
9 made available for public schools there shall be apportioned
10 and paid to local boards of education from the Foundation
11 Program Fund, the amounts to be determined as hereinafter
12 provided and in accordance with regulations of the State Board
13 of Education. This Foundation Program Fund shall be used
14 principally:

15 "(1) To aid in providing at least a 180 full
16 instructional day minimum school term, or the hourly
17 equivalent thereof, except as otherwise provided in paragraph
18 c. of subdivision (1) of subsection (b); and,

19 "(2) To assist in the promotion of educational
20 opportunity for all children in the public schools.

21 "(b) The following requirements and procedures,
22 supplemented when necessary by regulations of the State Board
23 of Education, shall govern the apportionment of the fund:

24 "(1) REQUIREMENTS FOR PARTICIPATING IN FUND. In
25 order for a local board of education to share in the
26 apportionment of the Foundation Program Fund and to receive

1 the maximum benefits therefrom, the board shall meet the
2 following conditions:

3 "a. The appropriate local governing body must insure
4 that the local board of education within its jurisdiction is
5 receiving an amount of local tax receipts equivalent to ten
6 mills of school tax as computed from the most current assessed
7 valuation of property which comprises the school tax district
8 or districts of the local board of education. The State
9 Superintendent of Education shall determine compliance with
10 this provision of the law in accordance with rules or
11 procedures adopted by the State Board of Education. In
12 determining compliance for a county board of education, tax
13 revenues provided to the county board of education from the
14 county, from whatever tax source derived, shall be considered.
15 In determining compliance for a city board of education, tax
16 revenues provided to the city board of education by the county
17 and the city, from whatever tax source derived, shall be
18 considered.

19 "b. In the expenditure of all funds available for
20 the Foundation Program as herein defined, the local board of
21 education shall as nearly as practicable provide the same
22 length of term in all schools.

23 "c. 1. Except as otherwise provided in this
24 paragraph, the local board of education shall provide a school
25 term of at least 180 full instructional days, or the hourly
26 equivalent thereof, beginning with school year 2012-2013 and
27 ending with the last day of the third month of the 2013-2014

1 school year, or such part of that school term as can be
2 maintained by using funds available and as defined by
3 regulations of the State Board of Education. The local
4 academic school calendar shall be annually established by the
5 local board of education, within the parameters of
6 subparagraph 3. In case the local board of education fails to
7 operate any schools the minimum 180 full instructional day
8 term, or the hourly equivalent thereof, or the minimum term as
9 defined by the State Board of Education, the Foundation
10 Program allowances of the local board of education shall be
11 computed only for the actual period the schools are in session
12 that school year.

13 "2. In extreme circumstances involving natural
14 occurrences, health-related occurrences, or other extenuating
15 circumstances that result in the cancellation of an
16 instructional day, a local board of education may submit a
17 plan for the approval of the State Superintendent of Education
18 to replace cancelled instructional days by adjusting the
19 school calendar to extend the hours of actual teaching time on
20 specified instructional days. At any time the Governor
21 declares a state of emergency for any part of the state, any
22 affected school system that is closed as a result and loses
23 student days or employee days, or both, may appeal to the
24 State Superintendent of Education for relief in fulfilling the
25 local school calendar with respect to student days or employee
26 days, or both, with no loss of income to employees.

1 "3. Beginning with the 2012-2013 school year and
2 ending with the last day of the third month of the 2013-2014
3 school year, a local board of education, in providing the
4 minimum required number of instructional days or hours, shall
5 have greater flexibility in establishing the school calendar
6 by adjusting the days or extending the hours of actual
7 teaching or instructional time provided on specified
8 instructional days for the schools under the jurisdiction of
9 the local board. The academic school calendar, established by
10 the local board of education, shall include the minimum
11 required number of instructional days or hours, with the first
12 day of instruction for students no earlier than the Monday two
13 calendar weeks before Labor Day, unless August 31 is a Monday,
14 then on Monday, August 17, and the last day of instruction for
15 students shall be no later than the Friday immediately before
16 Memorial Day.

17 "d. The local board of education shall expend funds
18 for teachers' salaries in accordance with a salary schedule
19 adopted by the local board of education and approved by the
20 State Superintendent of Education. The salary schedule shall
21 be at least 100 percent of those salary amounts specified in
22 the State Minimum Salary Schedule by cell.

23 "The local board of education shall allocate state
24 and local Foundation Program funds to each school in an
25 equitable manner, based on the needs of the students and the
26 schools, as reflected in the current year's actual student
27 populations, including at-risk students, students receiving

1 special education services, and students enrolled in
2 vocational/technical educational programs. The local board of
3 education shall report annually to the State Board of
4 Education on how all state and local funds for public
5 education, including Foundation Program funds and capital
6 outlay funds, have been allocated to each of its schools or
7 area vocational centers.

8 "e. The local board of education shall submit to the
9 State Superintendent of Education, under the regulations of
10 the State Board of Education, the following:

11 "1. A proposed building program which sets out in
12 detail the location of all present and proposed buildings;
13 which indicates proposed educational centers and grades to be
14 taught at these centers and which provides schools for all
15 children of the local board of education.

16 "2. Except for those city boards of education not
17 maintaining a transportation system, a proposed transportation
18 program showing the proposed routing of buses and the
19 condition of all roads to be used for transportation.

20 "3. A proposed professional development program
21 which sets out in detail the professional development needs of
22 employees of the local board of education.

23 "4. A proposed technology program which sets out in
24 detail the proposed expenditures of technology funds.

25 "5. A proposed program for the provision of services
26 to students with disabilities and gifted students in
27 compliance with applicable state and federal laws.

1 "6. A proposed program for the provision of
2 vocational educational services in compliance with applicable
3 state and federal laws.

4 "7. A proposed program for the provision of
5 educational services to at-risk students in compliance with
6 applicable state and federal laws. The proposed program for
7 at-risk students shall include the provision that all funds
8 allocated shall be spent for at-risk students.

9 "f. The local board of education shall meet such
10 other standards as may be set up by the State Board of
11 Education to promote improved educational opportunity and
12 provide better schools.

13 "(2) DETERMINING COST OF FOUNDATION PROGRAM. In
14 determining the cost of the Foundation Program, the
15 Legislature, based on the recommendation of the State Board of
16 Education, shall proceed to find the following allowable costs
17 for each local board of education: Teachers' salaries, fringe
18 benefits, classroom instructional support, and other current
19 expense. The rate per employee set by the Legislature for
20 teachers' retirement and employees' health insurance shall be
21 in effect for the entire fiscal year and shall not be
22 increased by the Teachers' Retirement System or the Public
23 ~~Education~~ Employees' Health Insurance Board, except by further
24 action of the Legislature.

25 "a. The Foundation Program allowance for salaries of
26 teachers shall be determined as follows: The number of teacher
27 units allowed in Section 16-13-232 for each local board of

1 education shall be multiplied by the amount or amounts per
2 teacher unit, which amounts shall be based on the average
3 salaries for each major classification required by the
4 operation of the State Minimum Salary Schedule established by
5 the Legislature in the Education Trust Fund appropriation bill
6 and adopted by the State Board of Education. In recommending
7 to the Governor and the Legislature the State Minimum Salary
8 Schedule the State Board of Education shall give due
9 consideration to degree level, certification, and public
10 education experience. Any teacher, including, but not limited
11 to, a vocational education teacher, currently under contract
12 in excess of 187 days shall not have the term or salary of his
13 or her contract reduced as a result of this article.

14 "b. The Foundation Program allowance for fringe
15 benefits shall be determined by multiplying a uniform
16 percentage times the amount of teachers' salaries allowed in
17 paragraph a. above or by multiplying a fixed rate depending on
18 the type of fringe benefit. The fringe benefits allowances
19 shall include amounts for the employer's contribution for
20 teachers' retirement, health insurance, Social Security,
21 Medicare, unemployment compensation, personal leave, and sick
22 leave. The fringe benefits allowance may include allowances
23 for other fringe benefits as may be approved by the State
24 Legislature. The State Legislature shall seek the input and
25 advice of appropriate agencies and individuals in setting
26 allowances. The Teachers' Retirement System and the Public
27 Education Employees' Health Insurance Board shall recommend to

1 the Legislature, on or before the first legislative day of
2 each regular session of the Legislature, the rate for the
3 following fiscal year. The Legislature shall set the rate in
4 the annual appropriation bill.

5 "c. The Foundation Program allowance for classroom
6 instructional support shall be determined by multiplying a
7 uniform amount times the number of teacher units allowed in
8 Section 16-13-232. The uniform amount shall include allowances
9 for library enhancement, classroom materials and supplies,
10 professional development, and technology. The library
11 enhancement appropriation shall be for K-12 Public School
12 Library/Media Centers and is an absolute appropriation. Other
13 expenditures may include book binding, repair, CD Roms,
14 computer software, computer equipment, cataloging,
15 audio-visual materials, newspapers, magazines, recordings, and
16 video tapes. The uniform amount may include allowances for
17 other classroom instructional support as may be approved by
18 the State Board of Education. The Foundation Program allowance
19 for classroom instructional support shall also include an
20 allowance for textbooks which shall be determined on a per
21 pupil basis. The number of pupils shall be determined by the
22 number of pupils in average daily membership during the first
23 20 scholastic days after Labor Day of the preceding school
24 year. The State Board of Education shall recommend to the
25 Governor the amount for each cost factor included in classroom
26 instructional support on or before December 1 of the current
27 fiscal year for the ensuing fiscal year.

1 "d. The Foundation Program allowance for other
2 current expense shall be determined by multiplying a uniform
3 amount by the number of earned units. The uniform amount shall
4 be recommended by the State Board of Education to the Governor
5 on or before December 1 of the current fiscal year for the
6 ensuing fiscal year.

7 "e. The State Board of Education may cause, from
8 time to time, a study of allowances for teachers' salaries,
9 fringe benefits, classroom instructional support, and other
10 current expense of local boards of education to be conducted
11 and, based on the results of the study, may propose any
12 necessary changes to the Governor and Legislature.

13 "f. The total cost of the Foundation Program for any
14 local board of education shall be the total allowed for
15 teachers' salaries, for fringe benefits, for classroom
16 instructional support, and for other current expense. The
17 allowances herein to the local boards of education shall be
18 expended subject to all applicable laws, rules, and
19 regulations; however, the total funds calculated in the total
20 cost of the Foundation Program for teachers' salaries shall be
21 expended for salaries within the instructional program.

22 "(3) DETERMINING FUNDS AVAILABLE TO PROVIDE
23 FOUNDATION PROGRAM.

24 "a. The funds available to meet the cost of the
25 Foundation Program shall be appropriated by the Legislature
26 taking into consideration an amount of local effort required
27 on the part of each local board of education. The required

1 local effort charged against each local board of education for
2 its share of the cost of the Foundation Program shall be as
3 follows:

4 "1. For the 1995-96 fiscal year, the equivalent of
5 five mills of local school tax district ad valorem tax as
6 reported pursuant to subsection (b)(1)a.

7 "2. For the 1996-97 fiscal year, the equivalent of
8 seven and one-half mills of local school tax district ad
9 valorem tax as reported pursuant to subsection (b)(1)a.

10 "3. For the 1997-98 fiscal year, the equivalent of
11 ten mills of local school tax district ad valorem tax as
12 reported pursuant to subsection (b)(1)a.

13 "4. For each fiscal year thereafter, the equivalent
14 of ten mills of local school tax district ad valorem tax as
15 reported pursuant to subsection (b)(1)a.

16 "b. After calculating the total cost of the
17 Foundation Program for each local board of education, the
18 state allocation from the Education Trust Fund is calculated
19 by subtracting the local effort required by this section from
20 the total cost. Although the cost of the Foundation Program is
21 calculated for each school, the one sum allocation for each
22 local board of education shall flow monthly to the local board
23 of education. The state funds for the Foundation Program shall
24 be allotted by the State Board of Education consistent with
25 State Board of Education rules and regulations.

26 "(c) No local board of education may reduce the
27 amount in any cell of any employee salary schedule, or

1 otherwise reduce the compensation of any employee, based upon
2 the amendments to this section made by Act 2012-482 or upon
3 any future modification to its calendar or schedule pursuant
4 to the amendments to this section made by Act 2012-482. Salary
5 appropriations in all future Education Trust Fund budgets
6 shall be based upon the number of contract days allocated by
7 the Legislature, or the hourly equivalent thereof.

8 "§16-25A-1.

9 "When used in this article, the following terms
10 shall have the following meanings, respectively, unless the
11 context clearly indicates otherwise:

12 "(1) EMPLOYEE. Any person covered by the Public
13 Education Employees' Health Insurance Plan pursuant to Section
14 16-25A-11 or person who is employed full-time in any public
15 institution of education within the State of Alabama which
16 provides instruction at any combination of grades K through
17 14, exclusively, under the auspices of the State Board of
18 Education or the Alabama Institute for Deaf and Blind;
19 provided, any person employed part-time by any public
20 institution of education within the State of Alabama which
21 provides instruction at any combination of grades K through
22 14, exclusively, under the auspices of the State Board of
23 Education or the Alabama Institute for the Deaf and Blind,
24 shall be included in the definition of employee if such person
25 shall agree to have deducted from his or her compensation a
26 pro rata portion of the premium cost of a full-time employee,
27 based on the percentage of time such person is employed, in

1 accordance with such rules and regulations as shall be adopted
2 by the board.

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

18 "(3) BOARD. The Public ~~Education~~ Employees' Health
19 Insurance Board.

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

1 "(5) 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 "(6) EMPLOYER CONTRIBUTION. The amount of the total
5 health insurance premium to be paid by the employer as
6 determined by the board.

7 "(7) 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 ~~Public Education Employees' Health~~
12 ~~Insurance Board~~ board has the authority to derive and apply an
13 alternate poverty level to carry out its obligations under
14 this article.

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

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

1 "(10) NON-MEDICARE RETIREE. A retiree not entitled
2 to benefits under the federal Medicare program (Subchapter
3 XVIII 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~~ board deems appropriate in
8 lieu of coverage under the basic medical plan.

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

16 "(13) PEEHIP. The Public Education Employees' Health
17 Insurance Plan.

18 "(14) RETIREE. Same as "Retired Employee."

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

25 "(16) SUPPLEMENTAL POLICY. Policy offered to
26 employees and retirees by the ~~Public Education Employees'~~
27 ~~Health Insurance Board~~ board in lieu of or in addition to

1 coverage in the basic medical plan of the Public Education
2 Employees' Health Insurance Plan that provides a defined set
3 of benefits.

4 "(17) YEARS OF SERVICE. The number of years and
5 months of creditable service by an employee prior to
6 retirement as determined by the Teachers' Retirement System or
7 Employees' Retirement System including any periods of full
8 time permanent employment subsequent to retirement up to a
9 maximum of five years.

10 "§16-25A-2.

11 ~~"(a) The Public Education Employees' Health
12 Insurance Board shall consist of the members of the Board of
13 Control of the Teachers' Retirement System of Alabama;~~

14 ~~"(b) Board members shall serve without compensation
15 for their services as board members, but shall be reimbursed
16 from the fund established in subsection (f) of Section
17 16-25A-8 for all necessary expenses that they may incur
18 through service on the board;~~

19 ~~"(c) Each board member shall, within 10 days after
20 his appointment or election to the Board of Control of the
21 Teachers' Retirement System, take an oath of office that, so
22 far as it devolves on him, he will diligently and honestly
23 administer the affairs of the board herein established, and
24 that he will not knowingly violate, or willingly permit to be
25 violated, any of the provisions of law applicable to the
26 Public Employees' Health Insurance Plan. Such oath shall be
27 subscribed to by the member making it, certified by the~~

1 ~~officer before whom it is taken, and immediately filed in the~~
2 ~~office of the Secretary of State;~~

3 ~~"(d) Each board member shall be entitled to one vote~~
4 ~~in matters concerning the board. Six votes shall be necessary~~
5 ~~for a decision at any meeting of said board. In case of a tie~~
6 ~~vote, the decision shall fail;~~

7 ~~"(e) (a) The chairman and vice chairman of the board~~
8 ~~shall be the chairman and vice chairman of the Teachers'~~
9 ~~Retirement System Board of Control. The Secretary-Treasurer of~~
10 ~~the Teachers' Retirement System shall serve as chief executive~~
11 ~~officer of the Public Education Employees' Health Insurance~~
12 ~~Plan. In addition thereto, the board may engage such~~
13 ~~actuarial, administrative, legal, and other special services~~
14 ~~as shall be deemed necessary to transact the business of the~~
15 ~~insurance plan. The compensation and expenses for these~~
16 ~~special services shall be paid at such rates and in such~~
17 ~~amounts as the board shall approve. All other employees not in~~
18 ~~these categories of employment shall be employed under the~~
19 ~~provisions of the Merit System Act;~~

20 ~~"(f) (b) The board shall keep in convenient form~~
21 ~~such data as shall be necessary for actuarial valuation of the~~
22 ~~funds of the insurance plan and for checking the experience of~~
23 ~~the plan.~~

24 ~~"§16-25A-2.1.~~

25 ~~"The Public Education Employees' Health Insurance~~
26 ~~Board board shall constitute a body corporate for the purposes~~
27 ~~of management of the health insurance plan. The board shall~~

1 have all powers and may enforce all existing rights and
2 claims, privileges of a corporation and hold its cash and
3 securities and other property in trust for the purpose for
4 which received; provided, however, that as instrumentalities
5 of the state, funded by the state, the ~~Public Education~~
6 ~~Employees' Health Insurance Board~~ board, their officers, and
7 their employees shall be immune from suit to the same extent
8 as the state, its agencies, officers, and employees.

9 "§16-25A-3.

10 "The members of the ~~Public Employees' Health~~
11 ~~Insurance Board~~ board and their employees shall not be liable
12 for punitive damages for acts arising out of the good faith
13 performance of their duties in administering the health
14 insurance plan.

15 "§16-25A-7.

16 "(a) The board is hereby authorized to execute a
17 contract or contracts to provide for the benefits or the
18 administration of the plan determined in accordance with the
19 provisions of this article. Such contract or contracts may be
20 executed with one or more agencies or corporations licensed to
21 transact or administer group health insurance business in this
22 state. All of the benefits to be provided under this article
23 may be included in one or more similar contracts issued by the
24 same or different companies. The board is further authorized
25 to develop a plan whereby it may become self-insured upon its
26 finding that such arrangement would be financially
27 advantageous to the state and plan participants.

1 "(b) Before entering into any contract or contracts
2 authorized by subsection (a), the board shall invite
3 competitive bids from all qualified entities who may wish to
4 administer or offer plans for the health insurance coverage or
5 the administrative services desired. The board shall award
6 such contract or contracts on a competitive basis as
7 determined by the benefits afforded, administrative costs, the
8 costs to be incurred by employee, retiree, and employer, the
9 experience of the offering company or agency in the group
10 health insurance field and its facilities for the handling of
11 claims. In evaluating these factors the board may employ the
12 services of impartial professional insurance analysts or
13 actuaries. The board shall reevaluate the contract or
14 contracts yearly, and renegotiate on a competitive basis at
15 least every three years.

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

21 "(d) Each employee or retired employee who is
22 covered by the plan provided pursuant to this article shall
23 receive evidence of such coverage. In addition, each employee
24 or retired employee shall receive upon request information
25 setting forth the benefits to which the employee or retired
26 employee and his or her dependents are entitled, to whom such
27 benefits shall be payable, to whom claims shall be submitted,

1 and a summary of the provisions of the plan as they affect the
2 employee and his or her dependents.

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

19 "(f) The board may at the end of any contract period
20 discontinue any contract or contracts it has executed with any
21 carrier and replace same with a contract or contracts with any
22 other carrier or carriers meeting the requirements of this
23 article.

24 ~~"(g) The Public Education Employees' Health~~
25 ~~Insurance Board may enter into contracts of the State~~
26 ~~Employees' Insurance Board that were awarded through a~~

1 ~~competitive bid process, upon the mutual consent of the State~~
2 ~~Employees' Insurance Board and the contractor.~~

3 "§16-25A-8.

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

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

21 "(c) Any eligible retired employee may elect to
22 participate in the plan authorized by this article provided
23 that such retired employee shall agree to have withheld the
24 employee contribution from each monthly retirement payment.

25 "(d) For any fiscal year in which the monthly
26 premium certified under subsection (a) for hospital/medical
27 insurance per eligible employee is less than the cost of the

1 coverage per eligible employee, then the difference in cost
2 per eligible employee shall be submitted for each eligible
3 employee by the employing board, institution, or agency
4 monthly to the board, the sum of which may be any combination
5 of employee funds collected through monthly payroll deduction
6 and employing board, institution or agency funds; in any
7 fiscal year in which the monthly premium for hospital/medical
8 insurance for retired employees is less than the cost of the
9 coverage, then the difference in cost per eligible retired
10 employee as defined in subsection (c) shall be withheld from
11 the monthly retirement check of the retired employee.

12 "(e) Each employee and retired employee shall be
13 entitled to have his or her spouse and dependent children, as
14 defined by the rules and regulations of the board, included in
15 the coverage provided upon agreeing to pay the Employees'
16 contribution of the health insurance premium for such
17 dependents. The board shall adopt regulations governing the
18 discontinuance and resumption by such employees of coverage
19 for dependents, and in the event of the death of an employee
20 or retired employee, provisions whereby their spouse and
21 dependents may elect to continue that coverage; provided,
22 however, that the spouse and dependents shall pay the full
23 cost of their coverage. During any period in which an
24 Employees' or retired Employees' dependents are covered under
25 this article, there shall be withheld from the salary payment
26 of such employee or the monthly retirement allowance of such
27 retired employee, the Employees' contribution of the health

1 insurance premium for coverage of such dependents under the
2 terms of any contract, contracts, or arrangement entered into
3 in accordance with the provisions of this article.

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

17 "(g) Any state appropriation from the Education
18 Trust Fund for the fiscal year ending September 30, 1984, and
19 any subsequent fiscal year employer premium payments for
20 hospital/medical insurance for eligible employees as defined
21 under the provisions of this article which are made by any
22 institution, board, or agency whether heretofore or hereafter
23 made, shall be deposited in the fund created in subsection (f)
24 of this section and shall be used to fund coverage for the
25 benefits authorized by the provisions of this article.
26 Disbursement of such funds shall be in accordance with the
27 provisions of subsection (b) of this section.

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

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

1 Insurance Fund directly from funds appropriated to the
2 university.

3 "§16-25A-15.

4 "~~The Public Education Employees' Health Insurance~~
5 ~~Board~~ board shall promulgate such rules and regulations as may
6 be required for the effective administration of the provisions
7 of this chapter.

8 "§16-25A-16.

9 "~~Once the Legislature has fully funded the Public~~
10 ~~Education Employees' Health Insurance Program, the~~ The board
11 governing the Public Education Employees' Health Insurance
12 ~~Board~~ Plan and the State Employees' Health Insurance ~~Board~~
13 Plan ~~shall~~ may coordinate and equalize benefits so that both
14 groups shall be insured and funded equally.

15 "§16-25A-17.

16 "(a) (1) Any premiums paid to the ~~Public Education~~
17 ~~Employees' Health Insurance Board~~ board for active employees
18 shall include an amount to partially fund the cost of coverage
19 for retired employees. Notwithstanding the foregoing, if the
20 plan becomes fully funded pursuant to this chapter, this
21 section shall not apply.

22 "(2) The amount authorized by subdivision (1) of
23 this subsection shall not be less than an amount determined by
24 multiplying the number of retired employees by an individual
25 retired employee rate. The individual retired employee rate
26 shall be determined by multiplying the full cost of coverage
27 for a retired employee eligible to receive benefits under the

1 federal Medicare program times the fractional amount derived
2 by dividing the current individual premium for an employee not
3 eligible for benefits under the federal Medicare program by
4 the full cost of coverage for an employee not eligible to
5 receive benefits under the federal Medicare program. The
6 ~~Public Education Employees' Health Insurance Board~~ board may
7 provide additional premium payments for retirees in addition
8 to the minimum amount guaranteed herein to the extent that it
9 does not exceed the amount of their premium as established by
10 the board. Any additional funding for premium amounts which
11 may be provided to retirees with individual coverage who are
12 not eligible for benefits under the federal Medicare program
13 by the ~~Public Education Employees' Health Insurance Board~~
14 board shall not have the effect of reducing the out-of-pocket
15 cost below the total out-of-pocket cost paid by retirees with
16 individual coverage who are eligible for benefits under the
17 federal Medicare program. The total out-of-pocket cost for the
18 retirees with individual coverage who are eligible for
19 benefits under the federal Medicare program shall be
20 determined by the combined cost of part B of the federal
21 Medicare program and the Medicare supplement program provided
22 by the Public Education Employees' Health Insurance Program.

23 "(3) Any premium payments made pursuant to this
24 section shall be deposited in the same fund and handled
25 pursuant to the same manner as if made under this chapter.

1 "(b) This section is supplemental and shall be
2 construed in pari materia with other statutes relating to
3 health insurance coverage for educational personnel.

4 "§16-25A-42.

5 "(a) There is hereby created the Public Education
6 Flexible Employees Benefit Board, which shall consist of the
7 chair ~~and vice chair~~ of the Public Education Employees' Health
8 Insurance Board and ~~three~~ four members of the Public Education
9 Employees' Health Insurance Board, one of whom shall be the
10 Director of Finance. ~~Two~~ Three members of the Public Education
11 Employees' Health Insurance Board shall be elected from the
12 Public Education Employees' Health Insurance Board's
13 membership as members of the Public Education Flexible
14 Employees' Benefit Board. The individuals presently holding
15 the offices shall constitute the initial membership of the
16 board, and their successors in office, by virtue of assuming
17 such office, shall succeed to membership on the board. The
18 Director of Finance may designate a person to attend the
19 meetings from time to time and to vote in his or her absence.

20 "(b) The board shall elect one of its members as
21 chair of the board and another as vice chair and shall also
22 elect a secretary who need not be a member of the board. The
23 chair, vice chair, and the secretary shall serve as officers
24 at the pleasure of the board. A majority of the members of the
25 board shall constitute a quorum and the affirmative vote of a
26 majority of those members present shall be necessary for any
27 action taken by the board. No vacancy in the membership of the

1 board shall impair the right of a quorum to exercise all
2 rights and perform all duties of the board.

3 "§22-11A-118.

4 "(a) There is established the Health Care Data
5 Advisory Council to assist in developing regulations and
6 standards necessary to implement the provisions of this
7 article, to review and serve as consultants to the board on
8 matters related to any reports or publications prior to a
9 report or publication release and to serve as consultants to
10 the board on matters relating to the protection, collection,
11 and dissemination of health care facility acquired infection
12 data.

13 "(b) The council shall consist of 18 members and be
14 constituted in the following manner:

15 "(1) Six hospital members to be appointed by the
16 Alabama Hospital Association, two of which shall be infection
17 control professionals.

18 "(2) Three members to be appointed by the Medical
19 Association of the State of Alabama.

20 "(3) Two members to be appointed by the Business
21 Council of Alabama, at least one of whom represents a small
22 business, all of whom are purchasers of health care, and none
23 of whom are primarily involved in the provision of health care
24 or health insurance.

25 "(4) One member to be appointed by the Mineral
26 District Society.

1 "(5) One consumer member who is not a health care
2 professional or does not provide health insurance or an agent
3 thereof to be appointed by the Governor.

4 "(6) One member to be appointed by Blue Cross/Blue
5 Shield of Alabama.

6 "(7) One member to be appointed by the Alabama
7 Association of Health Plans.

8 "(8) One member to be appointed by the State Health
9 Officer who is an active member of the Association for
10 Professionals in Infection Control, licensed to practice in
11 the State of Alabama, and currently practicing in a clinical
12 setting.

13 "(9) ~~One~~ Two ~~member~~ members to be appointed by the
14 Public ~~Education~~ Employees' Health Insurance Board.

15 "~~(10) One member to be appointed by the State~~
16 ~~Employees' Insurance Board.~~

17 "~~(11)~~ (10) The State Health Officer shall act as
18 chair of the board, without a vote, except where there is a
19 tie vote of the other board members present at a meeting.

20 "(c) The council membership shall reflect the
21 racial, gender, geographic, urban and rural, and economic
22 diversity of the state.

23 "(d) The terms of the appointed members shall be
24 staggered as follows: The State Health Officer shall divide
25 the members into two equal groups. The members of the first
26 group shall be appointed for an initial term of two years. The
27 members of the second group shall be appointed for an initial

1 term of four years. Thereafter, the term of office of each
2 member shall be for four years. A member may serve two
3 consecutive terms. A member shall serve until a successor is
4 appointed. If a vacancy occurs, the original appointing
5 authority shall fill the vacancy for the remainder of the
6 unexpired term.

7 "(e) The council shall meet within 30 days after the
8 appointment of the council membership and establish procedures
9 and other policies necessary to carry on the business of the
10 council. A quorum shall be a majority of the appointed
11 members. All meetings of the council shall be announced in
12 advance and conducted pursuant to the Open Meetings Act, found
13 at Section 36-25A-1, et seq.

14 "(f) The members of the council shall not receive a
15 salary or per diem allowance for serving as members of the
16 council, but shall be entitled to reimbursement for expenses
17 incurred in the performance of the duties of the office at the
18 same rate allowed state employees pursuant to general law.

19 "(g) The council may appoint a technical advisory
20 committee if desired. The technical advisory committee members
21 do not have to be members of the council.

22 "(h) The State Health Officer or his or her designee
23 shall be an ex officio member and chair of the board without
24 vote, except where there is a tie vote of the other board
25 members present at a meeting.

26 "§36-1-6.2.

1 "(a) Any instrumentality or agency of the State of
2 Alabama, whose principal activity consists of distributing
3 goods or services by contract with the United States, or any
4 federal governmental corporation, and which are not covered by
5 the provisions of Chapter 29 of this title, shall be subject
6 to all the provisions of this section. Such instrumentality or
7 agency is hereby empowered to purchase and pay for group
8 health, accident or hospitalization insurance coverage for its
9 officers and employees. Such instrumentality or agency is
10 hereby further authorized to contract with the ~~State~~ Public
11 Employees' Health Insurance Board for group health, accident
12 or hospitalization insurance coverage, and under such terms,
13 conditions, and costs as the ~~State~~ Public Employees' Health
14 Insurance Board and the instrumentality or agency shall
15 mutually determine. The cost or premium for such group health,
16 accident or hospitalization insurance shall not be deemed to
17 be compensation to the covered party.

18 "(b) All contracts and policies of group life,
19 health, accident and hospitalization insurance which have been
20 issued prior to July 1, 1991, to any instrumentality or agency
21 defined in subsection (a) for the benefit of its officers and
22 employees are hereby ratified, confirmed, approved and
23 validated. All acts done and all premiums paid by said
24 instrumentality or agency of any such contract or policy are
25 hereby ratified, confirmed, approved and validated.

26 "§36-27-6.4.

1 "(a) Any active and contributing member of the
2 Oxford Emergency Medical Services, Inc., that participates in
3 the Employees' Retirement System under Section 36-27-6, may
4 purchase prior non-qualified service for employment rendered
5 to Oxford Emergency Medical Services before July 14, 2009, as
6 permitted by the IRC Section 415(n)(3)(B). Currently, under
7 federal law the employee must have five or more years of
8 creditable service in the Employees' Retirement System prior
9 to purchasing up to five years' non-qualified service.

10 "(b) No member shall receive credit for any service
11 that the member is already credited with in the system or any
12 other public retirement plan, with the exception of the
13 federal Social Security program.

14 "(c) Any member who is eligible to purchase service
15 credit shall furnish to the Secretary-Treasurer of the
16 Employees' Retirement System the full actuarially determined
17 cost for each year of claimed service as determined by the
18 system's actuary.

19 "(d) Any year of service purchased under the
20 provisions of this section shall not be considered in
21 determining the out-of-pocket premium amount charged to
22 retirees under the provisions of Section 16-25A-8.1 or Section
23 36-29-19.7. Also, any service purchased under this section
24 shall not entitle a member to be eligible for benefits under
25 either the PEEHIP or ~~SEIB~~ State Employees' Health Insurance
26 Plan any earlier than the member could have reached

1 eligibility under the plan without the service purchased under
2 the provisions of this section.

3 "§36-29-1.

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

7 "(1) BOARD. The ~~State~~ Public Employees' Health
8 Insurance Board.

9 "(2) CLASS. An employee or retiree shall be included
10 in one of the following classes: (i) active employee single,
11 (ii) active employee family, (iii) non-Medicare retiree
12 single, (iv) non-Medicare retiree family, (v) Medicare retiree
13 single, (vi) Medicare retiree family, (vii) non-Medicare
14 retiree with Medicare eligible dependent(s), or (viii)
15 Medicare retiree with non-Medicare dependent(s).

16 "(3) EMPLOYEE. A person who works full time for the
17 State of Alabama or for a county health department and who
18 receives his or her full compensation on a monthly basis
19 through means of a state warrant drawn upon the State Treasury
20 or by check drawn by the Treasurer of the Alabama State Port
21 Authority or by check drawn by the treasurer of the Alabama
22 state agency for surplus property other than those employees
23 covered by the federal Railroad Retirement Act. Full-time
24 employees of the county health department in all counties
25 having populations of not less than 300,000 nor more than
26 500,000 shall also be included in the definition of employee
27 for the purpose of this chapter, and the health department of

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

25 "(4) EMPLOYEE CONTRIBUTION. The amount of the total
26 health insurance premium to be paid by the employee or retiree
27 as determined by the board.

1 "(5) EMPLOYER CONTRIBUTION. The amount of the total
2 health insurance premium to be paid by the employer as
3 determined by the board.

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

11 "(7) HEALTH INSURANCE PREMIUM. The total health
12 insurance cost under the State Employees' Health Insurance
13 Plan with respect to each class of employees or retirees.
14 Individual premiums may include adjustments and surcharges for
15 (i) family size including, but not limited to, a husband and
16 wife both being covered by the State Employees' Health
17 Insurance Plan, (ii) spouse's eligibility for other health
18 insurance, (iii) smokers and users of tobacco products, (iv)
19 preventative care and wellness care participation, and (v) any
20 such other categories of risk that the board shall approve.

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

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

1 "(10) OTHER EMPLOYER GROUP HEALTH INSURANCE
2 COVERAGE. Group health insurance coverage available to an
3 employee or retiree through an employer other than the State
4 of Alabama. Other employer group health insurance coverage
5 does not include the State Employees' Health Insurance Plan,
6 the Public Education Employees' Health Insurance Plan, or the
7 local government health insurance plan.

8 "(11) RETIREE. An employee who retires from the
9 service of the State of Alabama, who, at the time of such
10 retirement has at least 10 years of creditable coverage, meets
11 the criteria set out in this chapter and who, following such
12 retirement, draws a monthly benefit from the Employees'
13 Retirement System of Alabama, the Judicial Retirement System
14 of Alabama, the Teachers' Retirement System of Alabama, or the
15 Alabama State Port Authority.

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

24 "(13) SUPPLEMENTAL COVERAGE. Coverage offered to
25 employees and retirees by the ~~State Employees' Insurance Board~~
26 board in lieu of coverage in the basic medical plan of the
27 State Employees' Health Insurance Plan that supplements an

1 Employees' or retiree's other employer group health insurance
2 coverage.

3 "(14) SUPPLEMENTAL POLICY. A policy offered to
4 employees and retirees by the ~~State Employees' Insurance Board~~
5 board, in lieu of or in addition to coverage in the basic
6 medical plan of the State Employees' Health Insurance Plan,
7 that provides a defined set of benefits.

8 "(15) THIRD PARTY ADMINISTRATOR. An entity
9 contracted by the ~~State Employees' Insurance Board~~ board to
10 provide certain administrative services as it deems
11 appropriate and necessary to carry out its obligations under
12 this chapter.

13 "(16) YEARS OF CREDITABLE COVERAGE. The number of
14 years and months that an employee is covered under the State
15 Employees' Health Insurance Plan prior to retirement as
16 determined by the ~~State Employees' Insurance Board~~ board,
17 including any periods of full-time permanent employment
18 subsequent to retirement up to a maximum of five years.
19 Creditable coverage shall also include months and years: (1)
20 Related to service in the United States Armed Forces; (2) as a
21 part-time employee prior to October 1, 2005; (3) as an
22 employee as defined in Sections 16-25A-1 and 16-25A-11; (4) as
23 a full time employee of a local legislative delegation office
24 which participates in the Employees' Retirement System if the
25 employee is under the state employees' insurance plan on June
26 14, 2011; (5) as an employee of a postsecondary institution
27 eligible for Public Education Employees' Health Insurance Plan

1 coverage as a retiree whether the institution participates in
2 the Public Education Employees' Health Insurance Plan or has
3 its own plan of insurance for active employees, provided the
4 postsecondary institution contributes an amount to the State
5 Employees Insurance Fund for each of its retired employees
6 equal to any amount appropriated by the state to fund benefits
7 for retired employees as determined by the ~~State Employees'~~
8 ~~Insurance Board~~ board; (6) as a juvenile probation officer
9 provided that the Administrative Office of Courts contributes
10 an amount to the State Employees Insurance Fund for each
11 retired juvenile probation officer equal to any amount
12 appropriated by the state to fund benefits for retired
13 employees as determined by the ~~State Employees' Insurance~~
14 ~~Board~~ board; or (7) as an employee of the USS Alabama
15 Battleship Commission provided that the USS Alabama Battleship
16 Commission contributes an amount to the State Employees
17 Insurance Fund for each retired employee of the USS Alabama
18 Battleship Commission equal to any amount appropriated by the
19 state to fund benefits for retired employees as determined by
20 the ~~State Employees' Insurance Board~~ board. For employees of
21 the Alabama State Port Authority, the term years of creditable
22 coverage shall mean the sum of the number of years and months
23 of creditable service as determined by the Employees'
24 Retirement System, the Teachers' Retirement System, or the
25 Judicial Retirement System with regard to any periods of time
26 during which such employee was employed under the Merit System
27 plus the number of years and months of creditable service as

1 determined by the ~~State Employees' Insurance Board~~ board with
2 regard to any period of time during which such employee was
3 employed by the Alabama State Port Authority as a non-Merit
4 System employee.

5 "(17) YEARS OF SERVICE. The number of years and
6 months of creditable service by an employee prior to
7 retirement as determined by the Employees' Retirement System,
8 Teachers' Retirement System, or Judicial Retirement System
9 including any periods of full time permanent employment
10 subsequent to retirement up to a maximum of five years. Except
11 for creditable service related to service in the United States
12 Armed Forces, or as an employee as defined in Sections
13 16-25A-1 and 16-25A-11, or as an employee of a postsecondary
14 institution eligible for PEEHIP coverage as a retiree whether
15 the institution participates in PEEHIP or has its own plan of
16 insurance for active employees, the ~~State Employees' Insurance~~
17 ~~Board~~ board may exclude from years of service any years and
18 months of creditable service it determines was not related to
19 service as an employee as defined in Section 36-29-1. For
20 employees of the Alabama State Port Authority, the term years
21 of service shall mean the sum of the number of years and
22 months of creditable service as determined by the Employees'
23 Retirement System, the Teachers' Retirement System, or the
24 Judicial Retirement System with regard to any periods of time
25 during which such employee was employed under the Merit System
26 plus the number of years and months of creditable service as
27 determined by the ~~State Employees' Insurance Board~~ board with

1 regard to any period of time during which such employee was
2 employed by the Alabama State Port Authority as a non-Merit
3 System employee.

4 "§36-29-3.

5 "The health insurance plan provided for in this
6 chapter shall be designed by the ~~State Employees' Insurance~~
7 ~~Board~~ board to provide a reasonable relationship between the
8 hospital, surgical, and medical benefits to be included and
9 the expected hospital, surgical, and medical expenses to be
10 incurred by the affected employee and retiree and dependents
11 and to include reasonable controls, which may include, but are
12 not limited to, deductible, copayment, coinsurance, and other
13 cost containment measures to prevent unnecessary utilization
14 of the various hospital, surgical, and medical services
15 available and to provide reasonable assurance of stability in
16 future years for the plan.

17 "§36-29-5.

18 "(a) Such health insurance shall not include any of
19 the following:

20 "(1) Expenses incurred by or on account of an
21 individual prior to the effective date of the plan.

22 "(2) Cosmetic surgery or treatment, except to the
23 extent necessary for correction of damages caused by
24 accidental injury while covered by the plan or as a direct
25 result of disease covered by the plan.

1 "(3) Services received in a hospital owned or
2 operated by the United States government for which no charge
3 is made.

4 "(4) Services received for injury or sickness due to
5 war or any act of war, whether declared or undeclared, which
6 war or act of war shall have occurred after the effective date
7 of this plan.

8 "(5) Expenses for which the individual is not
9 required to make payment.

10 "(6) Expenses to the extent of benefits provided
11 under any employer group plan other than the plan in which the
12 state participates in the cost thereof.

13 "(7) Such other expenses as may be excluded by
14 regulations of the board.

15 "(b) This section shall not mandate the coverage of
16 hearing assistance devices except that the ~~State Employees'~~
17 ~~Health Insurance Board~~ board may determine by a majority vote
18 of the board to cover such expenses in part or in whole on or
19 after April 11, 2000.

20 "§36-29-6.

21 "(a) The board is hereby authorized to execute a
22 contract or contracts to provide the plan determined in
23 accordance with the provisions of this chapter. Such contract
24 or contracts may be executed with one or more agencies or
25 corporations licensed to transact or administer group health
26 insurance business in this state. All of the benefits to be

1 provided under this chapter may be included in one or more
2 similar contracts issued by the same or different companies.

3 "(b) Before entering into any contract or contracts
4 authorized by subsection (a) of this section, the board shall
5 invite competitive bids from all qualified entities who may
6 wish to administer or offer plans for the health insurance
7 coverage desired. The board shall award such contract or
8 contracts on a competitive basis as determined by the benefits
9 afforded, administrative costs, the costs to be incurred by
10 employee, retiree, and employer, the experience of the
11 offering company or agency in the group health insurance field
12 and its facilities for the handling of claims. In evaluating
13 these factors the board may employ the services of impartial
14 professional insurance analysts or actuaries.

15 "(c) The contract or contracts executed by the board
16 with the selected carrier or third party administrator shall
17 be a contract to offer coverage to all employees and retirees
18 of the state subject to the provisions of this chapter;
19 provided, however, that nothing contained in this chapter
20 shall prohibit other insurance carriers from soliciting
21 additional health and other types of insurance coverage with
22 state employees, and nothing contained in this chapter shall
23 prohibit the Director of Finance from authorizing payment of
24 premiums for such additional health and other types of
25 coverage by payroll deduction.

26 "(d) The board may authorize a carrier with whom a
27 contract has been executed to reinsure portions of such

1 contract with other such carriers which elect to be a
2 reinsurer and who are legally qualified to enter into a
3 reinsurance agreement under the laws of this state.

4 "(e) Each employee and retiree who is covered under
5 the plan shall receive a certificate or summary document
6 setting forth the benefits to which the employee, retiree, and
7 dependents are entitled thereunder, to whom such benefits
8 shall be payable, to whom claims shall be submitted, and a
9 summary of the provisions of the plan as they affect the
10 employee, retiree, and dependents.

11 "(f) The board may at the end of any contract period
12 discontinue any contract or contracts it has executed with any
13 carrier or third party administrator and replace same with a
14 contract or contracts with any other carrier or third party
15 administrator meeting the requirements of this chapter.

16 ~~"(g) The State Employees' Insurance Board may enter
17 into contracts of the Public Education Employees' Health
18 Insurance Board that were awarded through a competitive bid
19 process, upon the mutual consent of the Public Education
20 Employees' Health Insurance Board and the contractor.~~

21 "§36-29-13.

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

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

3 "(b) It is the intent of the Legislature that
4 subsequent appropriations to the ~~State Employees' Insurance~~
5 ~~Board~~ board pursuant to this section shall be included in the
6 appropriations made for active employees from employer funds
7 pursuant to subsection (d) 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.

11 (c) The board shall recognize any Medicare premium
12 paid by a retiree in determining any increases in retiree
13 contributions in existing and newly imposed premiums
14 proscribed on state employees and retirees.

15 "§36-29-14.

16 "(a) Any agency of the state, or any governmental
17 entity, body, or subdivision thereto, any county, any
18 municipality, any municipal foundation, any fire or water
19 district, authority, or cooperative, any regional planning and
20 development commission established pursuant to Sections
21 11-85-50 through 11-85-73, that is not and was not for the 12
22 months immediately preceding the date of application to
23 participate in any plan created pursuant to the provisions of
24 this article a member of an existing government sponsored
25 health insurance program, formed under the provisions of
26 Section 11-26-2, the Association of County Commissions of
27 Alabama or the Alabama League of Municipalities, the Alabama

1 Retired State Employees' Association, the Alabama State
2 Employees Credit Union, Easter Seals Alabama, Alabama State
3 University, the Alabama Rural Water Association, Rainbow
4 Omega, Incorporated, The Arc of Alabama, Incorporated, and any
5 of the affiliated local chapters of The Arc of Alabama,
6 Incorporated, United Ways of Alabama and its member United
7 Ways, the Alabama Network of Children's Advocacy Centers and
8 its member Children's Advocacy Centers, any railroad authority
9 organized pursuant to Chapter 13, Title 37, or any solid waste
10 disposal authority organized pursuant to Chapter 89A, Title
11 11, by resolution legally adopted to conform to rules
12 prescribed by the ~~State Employees' Insurance Board~~ board, may
13 elect to have its officers, members, employees, and retired
14 employees become eligible for health insurance coverage under
15 the ~~State Employees' Insurance Board~~ board without any
16 liability to the state or the State Employees' Health
17 Insurance Plan.

18 "(b) Acceptance of the employees identified in
19 subsection (a) shall be optional with the ~~State Employees'~~
20 ~~Insurance Board~~ board.

21 "(c) Employees, officers, members, and retirees who
22 are eligible for health insurance pursuant to this section
23 shall be entitled to coverage and benefits as designated by
24 the ~~State Employees' Insurance Board~~ board.

25 "(d) Any portion of the cost of the insurance
26 coverage as determined by the ~~State Employees' Insurance Board~~
27 board for the employees, officers, members, and retirees and

1 their dependents pursuant to this section may be paid by the
2 employer.

3 "(e) The chief fiscal officer of each employer shall
4 remit to the ~~State Employees' Insurance Board~~ board the amount
5 of premiums required for employee and dependent coverage under
6 this section. The employer shall furnish the necessary
7 information to the ~~State Employees' Insurance Board~~ board.

8 "(f) The agreement of any employer to have its
9 employees, officers, members, and retirees to be covered under
10 the health insurance plan provided by the ~~State Employees'~~
11 ~~Insurance Board~~ board may be revoked only by complying with
12 the following provisions:

13 "The employer, by resolution of the governing body,
14 shall signify its intention and desire to withdraw from such
15 plan in writing and by delivering a copy of such resolution by
16 certified mail to the ~~State Employees' Insurance Board~~ board
17 no later than six months prior to the effective date of
18 withdrawal. Any employer that withdraws from participation in
19 such plan shall be responsible for paying its claims incurred
20 prior to the date of withdrawal, but not reported and paid
21 prior to the date of withdrawal. The withdrawing employer
22 shall also be liable for interest which will accrue at a rate
23 of one and one-half percent per month on any monies due to the
24 ~~State Employees' Insurance Board~~ board which are over 30 days
25 past due. Any organization which provides or administers
26 health insurance benefits through the Local Government Health
27 Insurance Program shall not provide or administer health

1 insurance benefits to any entity which withdraws from the
2 Local Government Health Insurance Program for a period of two
3 years from the effective date of withdrawal.

4 "(g) The ~~State Employees' Insurance Board~~ board
5 shall promulgate such rules and regulations as may be
6 necessary for the effective administration of the provisions
7 of this section.

8 "(h) In addition, the ~~State Employees' Insurance~~
9 ~~Board~~ board shall engage such actuarial and other special
10 services as shall be required to transact the business of the
11 board. The compensation of all persons engaged by the board,
12 with the exception of clerical employees who shall be employed
13 under the Merit System Act, and all other expenses of the
14 board necessary for the operation of the board shall be paid
15 at such rates and in such amounts as the board shall approve.

16 "§36-29-14.1.

17 "(a) The governing body of any county soil and water
18 conservation district may, by resolution legally adopted to
19 conform to rules prescribed by the ~~State Employees' Insurance~~
20 ~~Board~~ board, elect to have its officers and employees who are
21 full-time employees working at least a 40-hour work week and
22 its retiring employees who worked full time at least a 40-hour
23 work week during their active employment become eligible to
24 participate in the State Employees' Health Insurance Plan. The
25 term "officers" and "employees" as used in this section shall
26 include those persons appointed or employed by the individual
27 officers and performing their duties in public offices, but

1 shall not include members of soil and water conservation
2 district boards, known as district supervisors who are
3 expressly prohibited from participating in said health
4 insurance plan.

5 "(b) Each employee who is covered by the State
6 Employees' Health Insurance Plan pursuant to this section
7 shall be entitled to the coverage and benefits as though he
8 were a state employee.

9 "(c) The cost of the insurance coverage for the
10 employee shall be paid by the employer; however, each employee
11 who chooses to have dependent coverage shall agree to pay the
12 cost of coverage for his dependents. The chief fiscal officer
13 of each employer shall pay to the ~~State Employees' Insurance~~
14 ~~Board~~ board to the credit of the State Employees' Insurance
15 Fund the amount of premiums paid by the employer and the
16 employees.

17 "(d) The agreement of any employer to have its
18 officers and employees and its retiring employees to be
19 covered under the State Employees' Health Insurance Plan shall
20 be irrevocable except it can be terminated by the employer, by
21 resolution of the governing body, signifying its intention and
22 desire to withdraw from such plan in writing and delivering a
23 copy of such resolution to the ~~State Employees' Insurance~~
24 ~~Board~~ board; provided, however, any officer or employee who
25 becomes covered under such plan shall be entitled to a minimum
26 of five consecutive years of coverage.

1 "~~The State Employees' Insurance Board~~ board
2 shall promulgate such rules and regulations as may be required
3 for the effective administration of the provisions of this
4 article.

5 "§36-29-15.

6 "(a) Any member of the Legislature and the
7 Lieutenant Governor, during their term of office, and their
8 dependents, shall be eligible for coverage under the State
9 Employees' Health Insurance Plan and upon expiration of their
10 term of office may continue such coverage for a maximum of 36
11 months.

12 "(b) Preexisting conditions shall not be covered
13 until the insured has been covered under the plan for a period
14 of 12 months, provided, however, that any legislator enrolling
15 within 30 days of April 23, 1990 or within 30 days of the
16 beginning of any calendar year thereafter shall not be subject
17 to this limitation of benefits. A preexisting condition is any
18 condition for which the insured or their covered dependent
19 received medical treatment, advice or consultation or received
20 any prescribed medication within 12 months of the effective
21 date of the insured's coverage under the plan.

22 "(c) The premiums for the insurance coverage for a
23 legislator, the Lieutenant Governor and their dependents shall
24 be paid by the individual legislator and the Lieutenant
25 Governor.

26 "~~The State Employees' Insurance Board~~ board
27 shall promulgate such rules and regulations as may be required

1 for the effective administration of the provisions of this
2 section.

3 "§36-29-17.

4 "(a) Notwithstanding the provisions of Section
5 36-29-1, an employee or executive officer of the Alabama
6 Sports Hall of Fame Board and his or her dependents shall be
7 eligible for coverage under the State Employees' Health
8 Insurance Plan and upon the expiration of the employment may
9 continue the coverage for a maximum of 36 months.

10 "(b) Preexisting conditions shall not be covered
11 until the insured has been covered under the plan for a period
12 of 12 months. An employee enrolling within 30 days of August
13 7, 1995 or within 30 days of the beginning of a calendar year
14 thereafter shall not be subject to this limitation of
15 benefits. A preexisting condition is a condition for which the
16 insured or their covered dependent received medical treatment,
17 advice, or consultation, or received a prescribed medication
18 within 12 months of the effective date of the insured's
19 coverage under the plan.

20 "(c) The premiums for the insurance coverage for
21 employees, executive officers, and their dependents shall be
22 paid pursuant to Section 36-29-7. For those purposes, the
23 Alabama Sports Hall of Fame shall be the employer.

24 "~~The State Employees' Insurance Board~~ board
25 shall promulgate rules and regulations required for the
26 effective administration of this section.

27 "§36-29-18.

1 "As a condition of participation in an insurance
2 policy of the ~~State Employees Insurance Board (SEIB)~~ board a
3 pharmacist shall dispense a generic equivalent medication to
4 fill a prescription for a patient covered by ~~SEIB~~ the plan
5 when one is available unless the physician indicates in
6 longhand writing on the prescription "medically Necessary" or
7 "dispense as written" or "do not substitute". The generic
8 equivalent drug product dispensed shall be pharmaceutically
9 and therapeutically equivalent and contain the same active
10 ingredient, or ingredients, and shall be of the same dosage,
11 form, and strength.

12 "§36-29-19.9.

13 "(a) Notwithstanding any other laws to the contrary,
14 a spouse and dependents of a person covered under the ~~State~~
15 ~~Employees' Insurance Board (SEIB)~~ health insurance plan who is
16 killed in the line of duty or who dies as a result of an
17 injury received in the line of duty shall continue to be
18 covered under the ~~SEIB~~ health insurance plan, with the cost of
19 continued coverage to be paid from the State Treasury.

20 "(b) The continued coverage shall cease for the
21 spouse if he or she remarries or obtains an alternate health
22 insurance provider. Continued coverage shall cease for any
23 dependent when his or her eligibility for coverage terminates.

24 "§36-29A-2.

25 "The costs of the program and its administration
26 shall be paid from the funds appropriated for the operation of
27 the several state departments, agencies, boards and

1 commissions, to which the Director of Finance may apportion
2 the costs. Medical costs may be managed by cooperative
3 agreement with the ~~State~~ Public Employees' Health Insurance
4 Board.

5 "§36-34-2.

6 "As an alternative to the provisions of Section
7 36-34-1, the local units are authorized to participate in a
8 health insurance plan developed by the ~~State~~ Public Employees'
9 Health Insurance Board or the Alabama Retired State Employees'
10 Association to provide health insurance coverage to retirees,
11 designated beneficiaries, and surviving spouses of active
12 members of the local units who are receiving benefits from the
13 Employees' Retirement System. The costs of extending the
14 health insurance to the retirees, designated beneficiaries, or
15 surviving spouses under the aforementioned developed health
16 insurance plan may be paid from any funds available to the
17 local units which are otherwise unencumbered.

18 "§36-35-3.

19 "(a) The Alabama Prescription Cost Initiative Board
20 is created.

21 "(b) The board shall consist of the following voting
22 members: The executive director or chief staff person of the
23 ~~State~~ Public Employees' Health Insurance Board ~~(SEIB)~~ (PEHIB)
24 ~~and the Public Education Employees Health Insurance Plan~~
25 ~~(PEEHIP)~~, the Chair of the ~~Board of Directors of SEIB~~, the
26 ~~Chair of the Board of Directors of PEEHIP~~ PEHIB, two board
27 members of the PEHIB as appointed by the PEHIB, and the State

1 Health Officer. The Director of the Medicaid Agency may serve
2 in a nonvoting capacity.

3 "(c) The board shall promulgate policies to
4 implement this chapter and may hire an executive director and
5 necessary staff to implement and administer this chapter with
6 or without regard to the state Merit System.

7 "(d) The board through its executive director may
8 enter into agreements with a prescription drug buying group or
9 manufacturer to negotiate price discounts or rebates on behalf
10 of the board or any participating department or governmental
11 entity.

12 "(e) The board through its executive director may
13 enter into agreements with, or affiliate with, a prescription
14 drug buying group for centralized purchase and distribution of
15 prescription drugs to retail pharmacies. Notwithstanding any
16 provision of this subsection to the contrary, nothing herein
17 shall require, nor be construed to require, any retail
18 pharmacy to purchase prescription drugs from a central
19 warehouse or central facility.

20 "(f) The board shall make recommendations to public
21 employee insurance programs, departments, and governmental
22 entities for prescription formulary design.

23 (g) In conformity with the official policy of the
24 U.S. Food and Drug Administration and its regulations, the
25 reimportation of prescription drugs is expressly prohibited
26 pursuant to this chapter.

27 "§36-36-1.

1 "The Legislature of Alabama hereby finds and
2 determines that the funding of accrued and accruing health
3 care benefits to retired employees and their dependents is a
4 proper governmental function and purpose of the state. The
5 Governmental Accounting Standards Board has issued Statements
6 43 and 45, which set forth standards on accounting and
7 reporting for post-employment benefits other than pensions by
8 governments. The new standards will require the state to
9 account for such post-employment benefits on an actuarial
10 basis during an Employees' career rather than on a
11 pay-as-you-go basis during the Employees' period of
12 retirement. The Legislature has determined that it would be
13 advisable for the state to create irrevocable trusts whereby
14 the state may begin funding those benefits in advance to
15 address and ultimately offset the state's accrued liabilities
16 for such benefits. Therefore, the state, ~~the State Employees'~~
17 ~~Insurance Board,~~ and the Public Education Employees' Health
18 Insurance Board are authorized and directed to create
19 irrevocable trusts to be named the "Alabama Retired State
20 Employees' Health Care Trust" and the "Alabama Retired
21 Education Employees' Health Care Trust," ~~respectively,~~ which
22 shall be created, funded, and administered in accordance with
23 the provisions of this chapter to protect and enhance the
24 financial condition of the State.

25 "§36-36-3.

26 "As used in this chapter, the following words and
27 phrases shall have the following respective meanings:

1 "(1) ALABAMA RETIRED EDUCATION EMPLOYEES' HEALTH
2 CARE TRUST. The Alabama Retired Education Employees' Health
3 Care Trust created by the state and the Public ~~Education~~
4 Employees' Health Insurance Board pursuant to this chapter.

5 "(2) ALABAMA RETIRED STATE EMPLOYEES' HEALTH CARE
6 TRUST. The Alabama Retired State Employees' Health Care Trust
7 created by the state and the ~~State~~ Public Employees' Health
8 Insurance Board pursuant to this chapter.

9 "(3) BOARDS. The ~~State Employees' Insurance Board~~
10 ~~and the~~ Public ~~Education~~ Employees' Health Insurance Board.

11 "(4) DEPENDENTS. The spouse and dependent children,
12 as defined by the rules and regulations of the ~~respective~~
13 boards, of a retired employee who are covered by either the
14 Public Education Employees' Health Insurance Plan pursuant to
15 Chapter 25A of Title 16, as amended from time to time, or the
16 State Employees' Health Insurance Plan pursuant to Chapter 29
17 of this title, as amended from time to time.

18 "(5) EMPLOYEE. Any person who is a participant in
19 either the Public Education Employees' Health Insurance Plan
20 pursuant to Chapter 25A of Title 16, as amended from time to
21 time, or the State Employees' Health Insurance Plan pursuant
22 to Chapter 29 of this title, as amended from time to time, and
23 satisfies the definition of an employee under Section
24 16-25A-1(1) or Section 36-29-1(3), as amended from time to
25 time.

26 "(6) FISCAL YEAR. The fiscal year of the state as
27 may from time to time be provided by law.

1 "(7) OTHER POST-EMPLOYMENT BENEFITS or
2 POST-EMPLOYMENT BENEFITS. Non-pension benefits paid on behalf
3 of retired employees or their dependents after the employees'
4 separation from service in accordance with the relevant
5 post-employment benefit plan.

6 "(8) PERMITTED INVESTMENTS. All assets and
7 properties in which the Retirement Systems of Alabama may
8 invest as permitted by law from time to time.

9 "~~(9) PUBLIC EDUCATION EMPLOYEES' HEALTH INSURANCE~~
10 ~~BOARD. The Public Education Employees' Health Insurance Board~~
11 ~~established by Section 16-25A-2, or its successor or assign.~~

12 "(9) ~~(10)~~ RETIRED EMPLOYEE. A former employee who is
13 a participant in either the Public Education Employees' Health
14 Insurance Plan pursuant to Chapter 25A of Title 16, as amended
15 from time to time, or the State Employees' Health Insurance
16 Plan pursuant to Chapter 29 of this title, as amended from
17 time to time, and satisfies the definition of retiree under
18 Section 36-29-1(11), as amended from time to time, or retired
19 employee under Section 16-25A-1(2), as amended from time to
20 time.

21 "(10) ~~(11)~~ STATE. The State of Alabama.

22 "~~(12) STATE EMPLOYEES' INSURANCE BOARD. The State~~
23 ~~Employees' Insurance Board established by Section 36-29-2, or~~
24 ~~its successor or assign.~~

25 "(11) ~~(13)~~ TRUSTEE. A trustee of the relevant trust.

26 "(12) ~~(14)~~ TRUSTS. The separate trusts to be created
27 by the state, on the one hand, as the grantor, and members of

1 the ~~State Employees' Insurance Board or the Public Education~~
2 ~~Employees' Health Insurance Board~~ board, on the other hand, as
3 trustees of the ~~respective~~ trusts, pursuant to this chapter.

4 "§36-36-4.

5 "The trusts created pursuant to this chapter shall
6 be evidenced by a written trust instrument, the terms and
7 conditions of which shall be determined by the board creating
8 such trust and the Governor on behalf of the state as long as
9 such terms and conditions do not conflict with this chapter.
10 The Trustees of the Alabama Retired State Employees' Health
11 Care Trust ~~shall be the members of the State Employees'~~
12 ~~Insurance Board serving from time to time,~~ and the Trustees of
13 the Alabama Retired Education Employees' Health Care Trust
14 shall be the members of the ~~Public Education Employees' Health~~
15 ~~Insurance Board~~ board serving from time to time. Each trust
16 shall be managed and controlled by its ~~respective~~ trustees
17 separately from and independent of the management and control
18 of the other trust. The trustees shall serve without
19 compensation for their service as trustees, but may be
20 reimbursed from the respective trust for all reasonable and
21 necessary expenses that they incur in connection with their
22 services as Trustees.

23 "§36-36-5.

24 "(a) The trusts shall be under the management and
25 control of ~~their respective~~ the trustees. All powers necessary
26 or otherwise advisable for the management and control of the
27 trusts shall be vested solely in the ~~respective~~ trustees.

1 "(b) The trustees shall have all of the powers
2 necessary to carry out and effectuate the purposes and
3 provisions of this chapter, all the power and authority
4 granted under law to the board which created the trust, and
5 all powers granted to trustees under Alabama law to the extent
6 not in conflict with this chapter, including, without limiting
7 the generality of the foregoing, the following powers:

8 "(1) To adopt, alter, and repeal rules for the
9 operation and conduct of the respective trust's affairs and
10 business;

11 "(2) To make, enter into, and execute contracts,
12 agreements, and other instruments and to take such other
13 actions as may be necessary or otherwise advisable for the
14 management and operation of the respective trust, to
15 accomplish any purpose for which the respective trust was
16 created, or to exercise any power granted by this chapter;

17 "(3) To enter into contracts with, to accept aid and
18 grants from, to cooperate with, and to do any and all things
19 that may be necessary or otherwise advisable in order to avail
20 the respective trust of the aid and cooperation of the United
21 States of America, the state, or any agency, instrumentality,
22 or political subdivision of either thereof in furtherance of
23 the purposes of this chapter;

24 "(4) To appoint, employ, and contract with such
25 employees, agents, advisors, and consultants, including, but
26 not limited to, attorneys, accountants, actuaries, financial
27 experts, and such other advisors, consultants, and agents as

1 may, in the trustees' judgment, be necessary or otherwise
2 advisable and to determine and pay, from the funds of the
3 trusts, the compensation of those persons; and

4 "(5) To invest the funds of the trusts in any
5 permitted investment.

6 "(c) The expenses of making and disposing of
7 investments, such as brokerage commissions, legal expenses
8 referable to a particular transaction, transfer taxes, and
9 other customary transactional expenses with respect to a trust
10 shall be payable out of the funds of such trust.

11 "§36-36-6.

12 "(a) The sources of funding to the Alabama Retired
13 State Employees' Health Care Trust may be: (1) appropriations
14 made by the Legislature; (2) contributions by employees and
15 retired employees; (3) employer contributions; (4) investment
16 income; (5) proceeds of any gifts, grants, or contributions;
17 (6) transfers from the State Employees' Insurance Fund; and
18 (7) all other sources permitted by law.

19 "(b) The sources of funding to the Alabama Retired
20 Education Employees' Health Care Trust may be: (1)
21 appropriations made by the Legislature; (2) contributions by
22 employees and retired employees; (3) employer contributions;
23 (4) investment income; (5) proceeds of any gifts, grants, or
24 contributions; (6) transfers from the Public Education
25 Employees' Health Insurance Fund; and (7) all other sources
26 permitted by law.

1 "(c) The agreements creating the trusts shall be
2 irrevocable and the assets of the trusts shall not be expended
3 or disbursed or loaned or transferred or used for any purpose
4 other than to acquire permitted investments, pay
5 administrative expenses, and provide post-employment health
6 care benefits to or for retired employees and their
7 dependents. The Legislature shall have no authority or power
8 to appropriate the assets of the trusts.

9 "(d) During each fiscal year, distributions from a
10 trust to provide post-employment health care benefits to or
11 for retired employees and their dependents shall not exceed 10
12 percent of the fair market value of the assets of such trust
13 as of the last business day of the immediately preceding
14 fiscal year. No distribution from a trust to provide
15 post-employment health care benefits to or for retired
16 employees and their dependents shall be made during the first
17 fiscal year of the trust.

18 "(e) Notwithstanding the above, as long as such
19 amendment is consistent with the legislative intent of this
20 chapter, the trustees of the trusts shall have the authority
21 to amend or modify their respective trust: (1) if, in the
22 opinion of counsel for the trustees of the respective trust,
23 it is necessary or otherwise advisable to obtain any material
24 tax advantage or avoid any material adverse tax result; (2)
25 if, in the opinion of the independent accountant for the
26 trustees of the respective trust, it is necessary or otherwise
27 advisable to cause the trust to be considered another

1 post-employment benefits trust in accordance with generally
2 accepted governmental accounting principles, as prescribed by
3 the Governmental Accounting Standards Board or its successor;
4 or (3) if, in response to a petition of the respective
5 trustees of the trust requesting that the trust be amended, a
6 court of competent jurisdiction determines that such amendment
7 is necessary or otherwise advisable to accomplish one or more
8 purposes of this chapter.

9 "(f) The trusts may be terminated by the boards only
10 if all state plans or programs providing such post-employment
11 health care benefits for which the trust is established are
12 repealed or terminated and there is no future obligation of
13 the state to provide such post-employment health care
14 benefits. In such event, the then remaining assets of the
15 trust shall revert, ~~in the case of the Alabama Retired State~~
16 ~~Employees' Health Care Trust, to the State Treasury to and for~~
17 ~~the credit of the State Employees' Insurance Board and, in the~~
18 ~~case of the Alabama Retired Education Employees' Health Care~~
19 ~~Trust, to the State Treasury to and for the credit of the~~
20 Public Education Employees' Health Insurance Board.

21 "(g) All assets and income of the trusts shall be
22 exempt from taxation by the state or any political subdivision
23 thereof. Distributions from the trusts will not be taxable
24 income to the retired employees or their dependents. The
25 assets of the trusts will not be subject to the claims of
26 creditors of the state, the boards, trustees, plan
27 administrators, employees, retired employees, or dependents,

1 and will not be subject to execution, attachment, garnishment,
2 the operation of bankruptcy, the insolvency laws, or other
3 process whatsoever, nor shall any assignment thereof be
4 enforceable in any court.

5 "(h) The trusts shall not be deemed to be invalid by
6 reason of any indefiniteness or uncertainty of the persons
7 designated as beneficiaries in the agreements creating the
8 trusts, nor shall they be deemed to be invalid as violating
9 any existing law against perpetuities or against suspension of
10 the power of alienation of title to property or against trusts
11 for the purpose of the accumulation of income; but each trust
12 may continue for such a time as may be necessary to accomplish
13 the purpose for which it was created.

14 "(i) The trustees shall cause the annual financial
15 statements of the trust to be prepared in accordance with
16 generally accepted accounting principles and an audit by a
17 qualified independent certified accounting firm to be
18 conducted of those financial statements of the respective
19 trust for each fiscal year in accordance with generally
20 accepted auditing standards.

21 "§36-36-7.

22 "It is the intent of the Legislature that the state
23 and the boards establish and the trustees operate the trusts
24 in compliance with the Internal Revenue Code of the United
25 States of America in a manner which would allow the trusts to
26 maximize investment earnings while minimizing the costs to the
27 state and its employees and other citizens of satisfying the

1 health care post-employment benefits obligation. It is also
2 the intent of the Legislature that the trusts be operated in a
3 manner that satisfies the definition of other post-employment
4 benefits trusts under generally accepted governmental
5 accounting principles. The trusts shall not be subject to any
6 provision of a law of the state (or any subdivision thereof)
7 which conflicts with that legislative intent or would prevent
8 or unreasonably hinder the accomplishment of the purposes of
9 this chapter.

10 "§41-10-725.

11 "The institute shall have the following powers:

12 "(1) To design, implement, and amend a program or
13 programs to provide for the recruitment of, and the promotion
14 of training programs and opportunities for, new craft trade
15 workers for the construction industry and the users of the
16 construction industry.

17 "(2) To educate the public about career
18 opportunities as craft trade workers in the construction
19 industry.

20 "(3) To acquire, receive, and take title to, by
21 purchase, gift, lease, license, devise, or otherwise, to hold,
22 keep, improve, maintain, equip, furnish, develop, and to
23 transfer, convey, donate, sell, lease, license, grant options
24 to, assign, or otherwise dispose of property of every kind and
25 character, real, personal, mixed, tangible and intangible, and
26 any and every interest therein, to any person or entity.

1 "(4) To accept gifts, grants, bequests, or devises
2 of money and tangible and intangible property.

3 "(5) To make and alter bylaws, not inconsistent with
4 the provisions of this division or laws of the State of
5 Alabama, for the administration and regulation of the affairs
6 of the institute.

7 "(6) To make, enter into, and execute contracts,
8 agreements, leases, licenses, or other legal arrangements and
9 to take such steps and actions as may be necessary or
10 convenient in the furtherance of any purpose or the exercise
11 of any power provided or granted to it by this section.

12 "(7) To engage in media advertising, marketing,
13 website creation, website design, website maintenance,
14 database creation, database design, database maintenance, data
15 and information collection, and data and information
16 dissemination and distribution, including the dissemination or
17 distribution of data and information on potential construction
18 workforce recruits, to the construction industry, users of the
19 construction industry, and educational institutions, or other
20 entities, as deemed necessary or appropriate by the institute
21 in its sole discretion.

22 "(8) To conduct surveys, studies, metrics, and other
23 analyses of the construction industry and its potential
24 workforce, and to disseminate or distribute the surveys,
25 studies, metrics, and other analyses of the construction
26 industry and its potential workforce to the construction
27 industry, users of the construction industry, and educational

1 institutions, or other entities, as deemed necessary or
2 appropriate by the institute in its sole discretion.

3 "(9) To incur ancillary costs, project costs,
4 advertising costs, and recruitment costs and to pay these
5 costs out of proceeds of the Recruitment and Training
6 Promotion Fund.

7 "(10) To make application directly or indirectly to
8 any federal, state, county, or municipal government or agency
9 or to any other source, public or private, for grants or other
10 similar financial assistance in furtherance of the institute's
11 purpose and to accept and use the same upon the terms and
12 conditions as are prescribed by the federal, state, county, or
13 municipal government or agency or other source.

14 "(11) To employ and provide for the compensation of
15 an executive director and staff and support personnel
16 according to policies and procedures adopted by the institute.
17 The executive director and the employees of the institute
18 shall not be considered state employees; however, the director
19 and employees may petition the Employees' Retirement System
20 and the ~~State~~ Public Employees' Health Insurance Board for
21 inclusion in these systems subject to terms and conditions of
22 similarly situated persons who may petition for benefits from
23 these entities. The Employees' Retirement System may elect to
24 provide retirement benefits and the ~~State~~ Public Employees'
25 Health Insurance Board may elect to provide health insurance
26 benefits to the employees of the institute upon petition of

1 the employees and subject to terms and conditions for
2 similarly situated employees of other public entities.

3 "(12) To hire accountants, attorneys, engineers,
4 consultants, and other professionals as the board shall deem
5 necessary for the conduct of the business of the institute.

6 "(13) To provide grants to educational,
7 governmental, nonprofit, community-based, workforce
8 development, economic development, and other organizations and
9 associations engaged in the education, recruitment, training,
10 placement, and professional development of persons engaged in
11 activities leading to the furtherance of careers in commercial
12 and industrial construction in accordance with the purposes of
13 the institute.

14 "(14) To cooperate or partner, or both, with
15 regional and national organizations promoting construction
16 workforce development, including the sharing of non-monetary
17 marketing and educational resources and databases, in
18 furtherance of the purposes of the institute.

19 "(15) To do all things necessary or convenient to
20 carry out the powers and purposes conferred by this section.

21 "(16) To exercise any and all powers permissible
22 under state law not in conflict with the purposes of the
23 institute."

24 Section 7. Section 36-29-2, Code of Alabama 1975, is
25 hereby repealed.

26 Section 8. Sections 6 and 7 of this act shall be
27 effective January 1, 2017.

1 Section 9. All other references in the Code of
2 Alabama 1975 to the State Employees' Insurance Board (SEIB) or
3 the Public Education Employees' Health Insurance Board
4 (PEEHIB) shall be replaced with the Public Employees' Health
5 Insurance Board (PEHIB). All property rights and contractual
6 obligations of the SEIB and the PEEHIB are hereby transferred
7 to the PEHIB as provided by the terms of this act effective
8 12:01 a.m., January 1, 2017 and thereafter all references to
9 the SEIB and PEEHIB shall mean, and be synonymous with, the
10 PEHIB.

11 Section 10. The provisions of this act are
12 severable. If any part of this act is declared invalid or
13 unconstitutional, that declaration shall not affect the part
14 which remains.

15 Section 11. All laws or parts of laws which conflict
16 with this act are repealed.

17 Section 12. This act is effective immediately
18 following its passage and approval by the Governor, or its
19 otherwise becoming law.