

1 HB246
2 147408-1
3 By Representative Wren
4 RFD: Health
5 First Read: 12-FEB-13

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8 SYNOPSIS: This bill authorizes the State Employees'
9 Insurance Board to offer a High Deductible Health
10 Plan with a federally qualified Health Savings
11 Account and a Health Reimbursement Arrangement to
12 eligible state employees, state retirees and their
13 dependents.

14
15 A BILL
16 TO BE ENTITLED
17 AN ACT
18

19 To authorize the State Employees' Insurance Board to
20 offer a High Deductible Health Plan with a federally qualified
21 Health Savings Account and a Health Reimbursement Arrangement
22 to eligible state employees, state retirees and their
23 dependents.

24 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

25 Section 1. As used in this act, the following words
26 and phrases shall have the following respective meanings:

1 (a) "Health Savings Account" means a savings or
2 other account meeting the requirements for favorable tax
3 treatment under 26 USC 223, as amended.

4 (b) "High Deductible Health Plan" means that term as
5 defined in 26 USC 223 (c) (2), as amended and any regulations
6 promulgated thereunder.

7 (c) "Participant" means an eligible active or
8 retired state employee and their dependents as determined by
9 the State Employees' Insurance Board.

10 Section 2. The State Employees' Insurance Board is
11 authorized to offer a high deductible health plan with a
12 federally qualified health savings account ("HDHP-HSA") to
13 eligible active and retired state employees and their
14 dependents. Retired state employees eligible for or entitled
15 to Medicare benefits under Title XVIII of the federal Social
16 Security Act shall not be eligible to participate in the
17 HDHP-HSA. The terms and conditions of the HDHP-HSA shall be
18 established by the Board in accordance with federal
19 requirements and limitations.

20 Section 3. Participants in the HDHP-HSA are eligible
21 to receive an employer contribution into the Participant's HSA
22 from the State Employees' Insurance Fund in an amount to be
23 determined by the Board. Employer contributions into the
24 Participant's HSA shall not constitute compensation to an
25 employee for the purposes of any statute fixing or limiting
26 the compensation of such employee.

1 Section 4. Participants in the HDHP-HSA are eligible
2 to deposit the Participant's own funds into a HSA. Each
3 department, agency, or county health department is authorized
4 on behalf of the state to deduct or reduce from salary or
5 wages amounts voluntarily designated by Participants pursuant
6 to salary reduction agreements to participate in the HDHP-HSA.
7 The amount by which a state employee's salary or wage is
8 reduced pursuant to a salary reduction agreement authorized by
9 this article shall continue to be included as earnable
10 compensation for the purpose of computing benefits under the
11 state Employees' Retirement System and/or the Teachers'
12 Retirement System.

13 Section 5. As used in this act, the following words
14 and phrases shall have the following respective meanings:

15 (a) "Health Reimbursement Arrangement" means a plan
16 qualifying as a Health Reimbursement Arrangement as that term
17 is defined under IRS Notice 2002-45 and a medical
18 reimbursement plan under Sections 105 and 106 of the Internal
19 Revenue Code of 1986, as amended.

20 Section 6. The State Employees' Insurance Board is
21 authorized to offer a Health Reimbursement Arrangement ("HRA")
22 to eligible active and retired state employees and their
23 dependents. The terms and conditions of the HRA shall be
24 established by the Board in accordance with federal
25 requirements and limitations.

26 Section 7. Participants in the HRA are eligible to
27 receive an employer contribution into the Participant's HRA

1 from the State Employees' Insurance Fund in an amount to be
2 determined by the Board. Employer contributions into the
3 Participant's HRA shall not constitute compensation to an
4 employee for the purposes of any statute fixing or limiting
5 the compensation of such employee.

6 Section 8. The provisions of this act are severable.
7 If any part of this act is declared invalid or
8 unconstitutional, that declaration shall not affect the part
9 which remains.

10 Section 9. All laws or parts of laws which conflict
11 with this act are repealed.

12 Section 10. This act shall become effective
13 immediately following its passage and approval by the
14 Governor, or its otherwise becoming law.