

1 HB89
2 147596-2
3 By Representative McClendon
4 RFD: Health
5 First Read: 05-FEB-13
6 PFD: 02/01/2013

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

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15 A BILL
16 TO BE ENTITLED
17 AN ACT

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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. High Deductible Health Plan with a
26 Federally Qualified Health Savings Account.

1 (a) As used in this section, the following words
2 shall have the following meanings:

3 (1) HEALTH SAVINGS ACCOUNT or HSA. A savings or
4 other account meeting the requirements for favorable tax
5 treatment under §26 U.S.C. 223, as amended.

6 (2) HIGH DEDUCTIBLE HEALTH PLAN or HDHP. That term
7 as defined in §26 U.S.C. 223(c)(2), as amended, and any
8 regulations promulgated thereunder.

9 (3) PARTICIPANT. An eligible active or retired state
10 employee and his or her dependents as determined by the State
11 Employees' Insurance Board.

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

21 (c) A participant in the HDHP-HSA may receive an
22 employer contribution into the participant's HSA from the
23 State Employees' Insurance Fund in an amount to be determined
24 by the board. The employer contributions into the
25 participant's HSA shall not constitute compensation to an
26 employee for the purposes of any statute fixing or limiting
27 the compensation of the employee.

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

12 Section 2. Health Reimbursement Arrangement.

13 (a) As used in this section, the term health
14 reimbursement arrangement or HRA means a plan qualifying as a
15 health reimbursement arrangement as that term is defined under
16 IRS Notice 2002-45 and a medical reimbursement plan under
17 Sections 105 and 106 of the Internal Revenue Code of 1986, as
18 amended.

19 (b) The State Employees' Insurance Board may offer a
20 health reimbursement arrangement to eligible active and
21 retired state employees and their dependents. The terms and
22 conditions of the HRA shall be established by the board in
23 accordance with federal requirements and limitations.

24 (c) Participants in the HRA are eligible to receive
25 an employer contribution into the participant's HRA from the
26 State Employees Insurance Fund in an amount to be determined
27 by the board. Employer contributions into the participant's

1 HRA shall not constitute compensation to an employee for the
2 purposes of any statute fixing or limiting the compensation of
3 the employee.

4 Section 3. All laws or parts of laws which conflict
5 with this act are repealed.

6 Section 4. This act shall become effective
7 immediately following its passage and approval by the
8 Governor, or its otherwise becoming law.