

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

1 ENGROSSED

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4 A BILL
5 TO BE ENTITLED
6 AN ACT
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8 To authorize the State Employees' Insurance Board to
9 offer a High Deductible Health Plan with a federally qualified
10 Health Savings Account and a Health Reimbursement Arrangement
11 to eligible state employees, state retirees, and their
12 dependents.

13 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

14 Section 1. High Deductible Health Plan with a
15 Federally Qualified Health Savings Account.

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

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

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

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

1 (b) The State Employees' Insurance Board may offer a
2 high deductible health plan with a federally qualified health
3 savings account (HDHP-HSA) to eligible active and retired
4 state employees and their dependents. A retired state employee
5 eligible for or entitled to Medicare benefits under Title
6 XVIII of the federal Social Security Act is not eligible to
7 participate in the HDHP-HSA. The terms and conditions of the
8 HDHP-HSA shall be established by the board in accordance with
9 federal requirements and limitations.

10 (c) A participant in the HDHP-HSA may receive an
11 employer contribution into the participant's HSA from the
12 State Employees' Insurance Fund in an amount to be determined
13 by the board. The employer contributions into the
14 participant's HSA shall not constitute compensation to an
15 employee for the purposes of any statute fixing or limiting
16 the compensation of the employee.

17 (d) A participant in the HDHP-HSA is eligible to
18 deposit the participant's own funds into a HSA. Each
19 department, agency, or county health department on behalf of
20 the state may deduct or reduce from salary or wages amounts
21 voluntarily designated by a participant pursuant to salary
22 reduction agreement to participate in the HDHP-HSA. The amount
23 by which a state employee's salary or wage is reduced pursuant
24 to a salary reduction agreement authorized by this article
25 shall continue to be included as earnable compensation for the
26 purpose of computing benefits under the State Employees'
27 Retirement System and the Teachers' Retirement System.

1 Section 2. Health Reimbursement Arrangement.

2 (a) As used in this section, the term health
3 reimbursement arrangement or HRA means a plan qualifying as a
4 health reimbursement arrangement as that term is defined under
5 IRS Notice 2002-45 and a medical reimbursement plan under
6 Sections 105 and 106 of the Internal Revenue Code of 1986, as
7 amended.

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

13 (c) Participants in the HRA are eligible to receive
14 an employer contribution into the participant's HRA from the
15 State Employees Insurance Fund in an amount to be determined
16 by the board. Employer contributions into the participant's
17 HRA shall not constitute compensation to an employee for the
18 purposes of any statute fixing or limiting the compensation of
19 the employee.

20 Section 3. In the case of any state law authorizing
21 the assignment of benefits or a lien against benefits under a
22 health insurance policy, the health benefits covered under any
23 policy or plan of health insurance may not be assigned by the
24 insured or attached by lien if the policy provides coverage
25 for excepted benefits, as defined in Section 2791(c)(2), (3),
26 and (4) of the Public Health Service Act.

1 Section 4. All laws or parts of laws which conflict
2 with this act are repealed.

3 Section 5. This act shall become effective
4 immediately following its passage and approval by the
5 Governor, or its otherwise becoming law.

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House of Representatives

Read for the first time and re-
ferred to the House of Representa-
tives committee on Health 05-FEB-13

Read for the second time and placed
on the calendar..... 14-FEB-13

Read for the third time and passed
as amended..... 18-APR-13

Yeas 96, Nays 0, Abstains 0

Jeff Woodard
Clerk