

SB195 INTRODUCED



1 SB195
2 W1Z2YE5-1
3 By Senator Orr
4 RFD: Finance and Taxation Education
5 First Read: 25-Feb-25



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SYNOPSIS:

Under existing law, the Public Education Employees' Health Insurance (PEEHIP) Board is required to renegotiate contracts for health benefit plans every three years.

This bill would require the renegotiation of contracts for Medicare retiree health benefit plans every five years.

A BILL
TO BE ENTITLED
AN ACT

Relating to the Public Education Employees' Health Insurance (PEEHIP) Board; to amend Section 16-25A-7, Code of Alabama 1975; to require the renegotiation of contracts for Medicare retiree health benefit plans every five years.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 16-25A-7 of the Code of Alabama 1975, is amended to read as follows:

"§16-25A-7

(a) The board ~~is hereby authorized to~~ may execute a contract or contracts to provide for the benefits or the administration of the plan determined in accordance with ~~the~~



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29 ~~provisions of~~ this article. ~~Such~~ The contract or contracts may
30 be executed with one or more agencies or corporations licensed
31 to transact or administer group health insurance business in
32 this state. All of the benefits to be provided under this
33 article may be included in one or more similar contracts
34 issued by the same or different companies. The board is
35 further authorized to develop a plan whereby ~~it~~ the board may
36 become self-insured upon its finding that ~~such~~ the arrangement
37 would be financially advantageous to the state and plan
38 participants.

39 (b) (1) Before entering into any contract or contracts
40 authorized by subsection (a), the board shall invite
41 competitive bids from all qualified entities who may wish to
42 administer or offer plans for the health insurance coverage or
43 the administrative services desired. The board shall award
44 ~~such~~ the contract or contracts on a competitive basis as
45 determined by the benefits afforded, administrative costs, the
46 costs to be incurred by employee, retiree, and employer, the
47 experience of the offering company or agency in the group
48 health insurance field, and its facilities for the handling of
49 claims. In evaluating these factors the board may employ the
50 services of impartial professional insurance analysts or
51 actuaries.

52 (2) The board shall reevaluate the contract or
53 contracts yearly, and renegotiate all contracts, except for
54 contracts for Medicare retiree health care, on a competitive
55 basis at least every three years. Contracts for Medicare
56 retiree health care shall be renegotiated on a competitive



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57 basis at least every five years.

58 (c) The board may authorize the carrier with whom the
59 primary contracts are executed to reinsure portions of ~~such~~
60 the contract with other ~~such~~ carriers which elect to be a
61 reinsurer and who are legally qualified to enter into
62 reinsurance agreement under the laws of this state.

63 (d) Each employee or retired employee who is covered by
64 the plan provided pursuant to this article shall receive
65 evidence of ~~such~~ the coverage. In addition, each employee or
66 retired employee shall receive, upon request, information
67 setting forth the benefits to which the employee or retired
68 employee and his or her dependents are entitled, to whom ~~such~~
69 the benefits shall be payable, to whom claims shall be
70 submitted, and a summary of the provisions of the plan as they
71 affect the employee and his or her dependents.

72 (e) The plan shall require adequate notice in writing
73 to any participant whose claim for benefits under the plan has
74 been denied, setting forth the specific reasons for ~~such~~ the
75 denial and shall afford a reasonable opportunity to any
76 participant whose claim for benefits has been denied for a
77 full and fair review by the claims administrator upon the
78 written request of the participant, within 60 days ~~of~~ after
79 the date of denial, setting forth the specific reasons for
80 review. The claims administrator shall provide in writing,
81 within 60 days ~~of~~ after the request for review, a final
82 determination of the claim provided that an extension of 60
83 days may be obtained upon written notification to the
84 participant. Review of a final decision by the claims



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85 administrator shall be by the Circuit Court of Montgomery
86 County as provided for the review of contested cases under the
87 Alabama Administrative Procedure Act, Section 41-22-20.

88 (f) The board ~~may~~, at the end of any contract period,
89 may discontinue any contract or contracts ~~it~~ the board has
90 executed with any carrier and replace same with a contract or
91 contracts with any other carrier or carriers meeting the
92 requirements of this article.

93 (g) The Public Education Employees' Health Insurance
94 Board may enter into contracts of the State Employees'
95 Insurance Board that were awarded through a competitive bid
96 process, upon the mutual consent of the State Employees'
97 Insurance Board and the contractor."

98 Section 2. This act shall become effective immediately.