HB246

147408-1

By Representative Wren

RFD: Health

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

A BILL TO BE ENTITLED AN ACT

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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. As used in this act, the following words and phrases shall have the following respective meanings:
(a) "Health Savings Account" means a savings or
other account meeting the requirements for favorable tax
treatment under 26 USC 223, as amended.

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

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

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

Section 3. Participants in the HDHP-HSA are eligible
to receive an employer contribution into the Participant's HSA
from the State Employees' Insurance Fund in an amount to be
determined by the Board. Employer contributions into the
Participant's HSA shall not constitute compensation to an
employee for the purposes of any statute fixing or limiting
the compensation of such employee.
Section 4. Participants in the HDHP-HSA are eligible to deposit the Participant's own funds into a HSA. Each department, agency, or county health department is authorized on behalf of the state to deduct or reduce from salary or wages amounts voluntarily designated by Participants pursuant to salary reduction agreements to participate in the HDHP-HSA. The amount by which a state employee's salary or wage is reduced pursuant to a salary reduction agreement authorized by this article shall continue to be included as earnable compensation for the purpose of computing benefits under the state Employees' Retirement System and/or the Teachers' Retirement System.

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

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

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

Section 7. Participants in the HRA are eligible to receive an employer contribution into the Participant's HRA
from the State Employees' Insurance Fund in an amount to be
determined by the Board. Employer contributions into the
Participant's HRA shall not constitute compensation to an
employee for the purposes of any statute fixing or limiting
the compensation of such employee.

Section 8. The provisions of this act are severable.

If any part of this act is declared invalid or
unconstitutional, that declaration shall not affect the part
which remains.

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

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