SB127

147596-2

By Senator Blackwell

RFD: Finance and Taxation General Fund

First Read: 05-FEB-13
SYNOPSIS: This bill would 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.

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. High Deductible Health Plan with a Federally Qualified Health Savings Account.
(a) As used in this section, the following words shall have the following meanings:

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

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

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

(b) The State Employees' Insurance Board may 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. A retired state employee eligible for or entitled to Medicare benefits under Title XVIII of the federal Social Security Act is not 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.

(c) A participant in the HDHP-HSA may receive an employer contribution into the participant's HSA from the State Employees' Insurance Fund in an amount to be determined by the board. The 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 the employee.
(d) A participant in the HDHP-HSA is eligible to deposit the participant's own funds into a HSA. Each department, agency, or county health department on behalf of the state may deduct or reduce from salary or wages amounts voluntarily designated by a participant pursuant to salary reduction agreement 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 the Teachers' Retirement System.

Section 2. Health Reimbursement Arrangement.

(a) As used in this section, the term health reimbursement arrangement or HRA 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.

(b) The State Employees' Insurance Board may offer a health reimbursement arrangement 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.

(c) 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 the employee.

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 All laws or parts of laws which conflict with this act are repealed.

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