SB439

147170-2

By Senator Marsh

RFD: Finance and Taxation Education

First Read: 11-APR-13
SYNOPSIS: Under existing law, the State Employees' Health Insurance Plan and the Public Education Employees' Health Insurance Plan are governed by the State Employees’ Insurance Board (SEIB) and the Public Education Employees’ Health Insurance Board (PEEHIB), respectively.

This bill would create a new board, titled the Public Employees’ Health Insurance Board (PEHIB), to govern these two health insurance plans.

This bill would provide for the membership of the board, election and qualifications of certain members, and terms for appointed and elected members.

This bill would provide that all references to the State Employees’ Insurance Board and the Public Education Employees’ Health Insurance Board in state law be amended to reference the Public Employees’ Health Insurance Board.
This bill would allow the new Public Employees' Health Insurance Board to combine the State Employees’ Health Insurance Plan and the Public Education Employees’ Health Insurance Plan.

This bill would revise the membership of the Public Education Flexible Employees Benefits Board, the Health Care Data Advisory Council, and the Alabama Prescription Cost Initiative Board to add members of the Public Employees’ Health Insurance Board and to remove members of the State Employees’ Insurance Board and the Public Education Employees’ Health Insurance Board.

This bill would revise the Alabama Retired Education Employees’ Health Care Trust and Alabama Retired State Employees’ Health Care Trust to provide for governance by the Public Employees’ Health Insurance Board.

A BILL
TO BE ENTITLED
AN ACT

To establish the Public Employees’ Health Insurance Board to govern the State Employees' Health Insurance Plan and the Public Education Employees' Health Insurance Plan, currently governed by the State Employees' Insurance Board and the Public Education Employees' Health Insurance Board,
respectively; to provide for the membership of the board, election and qualifications of certain members, and terms for appointed and elected members; to provide that the board shall have all powers currently held by the State Employees' Insurance Board and the Public Education Employees' Health Insurance Board; to amend Sections 9-10A-20, 11-91-8, 12-5A-9, 16-13-231, 16-25A-1, 16-25A-2, 16-25A-2.1, 16-25A-3, 16-25A-7, 16-25A-8, 16-25A-15, 16-25A-16, 16-25A-17, 16-25A-42, 22-11A-118, 36-1-6.2, 36-27-6.4, 36-29-1, 36-29-3, 36-29-5, 36-29-6, 36-29-13, 36-29-14, 36-29-14.1, 36-29-15, 36-29-17, 36-29-18, 36-29-19.9, 36-29A-2, 36-34-2, 36-35-3, 36-36-1, 36-36-3, 36-36-4, 36-36-5, 36-36-6, 36-36-7, and 41-10-725, Code of Alabama 1975, relating to the State Employees' Insurance Board and the Public Education Employees' Health Insurance Board; to provide that all references to the State Employees' Insurance Board and the Public Education Employees' Health Insurance Board be amended to reference the Public Employees' Health Insurance Board; to allow the Public Employees' Health Insurance Board to combine the State Employees' Health Insurance Plan and the Public Education Employees' Health Insurance Plan; to revise the membership of the Public Education Flexible Employees Benefits Board, the Health Care Data Advisory Council, and the Alabama Prescription Cost Initiative Board to add members of the Public Employees' Health Insurance Board and to remove members of the State Employees' Insurance Board and the Public Education Employees' Health Insurance Board; to revise the
Alabama Retired Education Employees’ Health Care Trust and
Alabama Retired State Employees’ Health Care Trust to provide
governance by the Public Employees’ Health Insurance
Board; and to repeal Section 36-29-2, Code of Alabama 1975,
relating to the State Employees’ Insurance Board.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. There is hereby created the Public
Employees’ Health Insurance Board (PEHIB), hereafter referred
to in this chapter as the board. This board is established as
the governing body of the health insurance plans defined in
Title 16, Chapter 25A and Title 36, Chapter 29. This board
shall have the authority and responsibility to provide for the
general administration and proper operation of these plans.

Section 2. (a) The board shall consist of the
following members:

(1) The State Superintendent of Education, ex
officio, or his or her designee;

(2) The State Director of Finance, ex officio, or
his or her designee;

(3) The State Health Officer, ex officio, or his or
her designee;

(4) The State Personnel Director, ex officio, or his or
her designee;

(5) The Secretary-Treasurer of the Employees’
Retirement System, ex officio, or his or her designee;

(6) One person appointed by the Governor, whose term
shall expire November 1, 2015;
(7) One person appointed by the Lieutenant Governor, whose term shall expire November 1, 2015;

(8) One person appointed by the President Pro Tempore of the Alabama Senate, whose term shall expire November 1, 2016;

(9) One person appointed by the Speaker of the Alabama House of Representatives, whose term shall expire November 1, 2016;

(10) An active governmental employee of the state covered by the State Employees' Health Insurance Plan and elected to the board by the full-time state employees receiving benefits of the State Employees' Health Insurance Plan;

(11) A retired employee of the state covered by the State Employees' Health Insurance Plan and elected to the board by the retired state employees receiving benefits of the State Employees' Health Insurance Plan;

(12) An active governmental employee covered by the Public Education Employees' Health Insurance Plan and elected to the board by the full-time employees receiving benefits of the Public Education Employees' Health Insurance Plan;

(13) A retired employee covered by the Public Education Employees' Health Insurance Plan and elected to the board by the retired employees receiving benefits of the Public Education Employees' Health Insurance Plan;

(14) A governmental employee, active or retired, covered by the Local Government Health Insurance Program and
elected to the board by those receiving benefits of the Local
Government Health Insurance Program.

(b) The present ex officio officers named shall fill
the ex officio positions on the board, and their successors in
office, by virtue of assuming such office, shall succeed to
membership on the board.

(c) After the expiration of the original terms of
the appointed board members, all subsequent terms shall be for
four years, except for appointments to fill unexpired terms,
which shall expire on the same date their predecessor's term
expired.

The appointed board members shall also possess a
knowledge and understanding of health care, insurance, or
employee benefits.

(d) The public employee representative board members
shall be appointed by a statewide election conducted under the
supervision and direction of the board. These board members
shall be elected by a majority vote of those participating in
such election. Each of these board members shall be elected to
four year terms. The board may establish rules and regulations
to govern such elections and ensure that all eligible active
and retired employees are afforded the opportunity to vote.
The terms of these board members shall begin after they have
qualified and taken the oath of office.

(e) Each board member shall, within 10 days after
his or her appointment or election to the board, take an oath
of office that, so far as it devolves on him or her, he or she
will diligently and honestly administer the affairs of the board herein established, and that he or she will not knowingly violate, or willingly permit to be violated, any of the provisions of law applicable to the Public Education Employees' Health Insurance Plan or the State Employees' Health Insurance Plan. Such oath shall be subscribed to by the member making it, certified by the officer before whom it is taken, and immediately filed in the office of the Secretary of State;

(f) The membership of the board shall be inclusive and reflect the racial, gender, geographic, urban/rural, and economic diversity of the state.

Section 3. (a) Each board member shall be entitled to one vote on the board. A majority of the board shall constitute a quorum for the transaction of business. A majority vote shall be necessary for a decision by the board members of any meeting of the board. In case of a tied vote, the decision shall fail. All meetings of the board shall be conducted in accordance with Robert's Rules of Order, as most recently revised.

(b) The board shall elect from its members a chairperson by a majority vote.

(c) The board members shall serve without compensation for their services as board members, but they shall be reimbursed from the board's funds for all necessary expenses that they may incur through service on the board.
(d) The board shall keep a record of all of its proceedings which shall be open to public inspection and shall be subject to the Alabama Open Meetings Act.

Section 4. The board is vested with all powers relating to the operation and administration of health insurance plans, as listed in Title 16, Chapter 25A and Title 36, Chapter 29, including Sections 16-25A-5 and 36-29-4, respectively, as well as those powers established in this chapter.

Section 5. (a) The current boards governing the State Employees' Health Insurance Plan and the Public Education Employees' Health Insurance Plan shall remain in effect until January 1, 2014, whereupon the Public Employees' Health Insurance Board, as created in this act, shall assume all duties and responsibilities of the governance and administration of the aforementioned health insurance plans.

(b) Prior to January 1, 2014, the ex officio and appointed members of the board created by this act shall meet to provide for the election of the public employee representative members. The ex officio and appointed members shall also determine the date of the board's first meeting to be held on or after January 1, 2014.

(c) Except as provided in subsections (a) and (b) of this section, the members of the board created by this act shall exercise no action under the authority of the board created by this act prior to January 1, 2014.

§9-10A-20.

(a) Full-time employees of a watershed management authority shall be included in the definitions of "employee" as provided in Section 36-29-1(1), and shall be entitled to the same health insurance benefits and required to make the same contributions as other state employees. The watershed management authority is hereby authorized to pay the employer's share for said health insurance to the State Public Employees' Health Insurance Board.

(b) Full-time employees of a watershed management authority shall be entitled to all benefits granted state employees.

§11-91-8.

The governing body of any county, municipality, or a public agency which is an employer participating in the Employees' Retirement System pursuant to Section 36-27-6, or in the local government health insurance program of the State Public Employees' Health Insurance Board may, upon a majority vote of its members, elect to allow the retired employees of
such a county, municipality, or public agency to participate in any health, hospitalization, surgical, or medical insurance program made available to regular employees, or any related health program for retirees selected by the governing body including the local government health program offered by the State Public Employees' Health Insurance Board. Such a county, municipality, or public agency may pay all, or any part, or none of the cost thereof or the premiums thereon for current or future retirees from any funds in the county, municipal, or public agency treasury not otherwise appropriated.


(a) Class specifications and rates of compensation for employees covered by this chapter, juvenile probation officers, juvenile probation professional staff, and clerical staff, hereafter called "eligible employees," and any future employees occupying those positions shall be established by the Administrative Director of Courts. Notwithstanding the foregoing, the compensation of any employee shall not be diminished as a result of his or her inclusion in the state court system personnel system.

(b) Eligible employees included in the state court system personnel system pursuant to this chapter shall, on October 1 of the year their county transitions, be covered by the Employees' Retirement System. An employee who on that date is participating in a local retirement plan other than a unit administered by the Employees' Retirement System may, by written notice filed with both the Administrative Director of
Courts and the administrator of the local retirement plan within 30 days prior to the date the employee joins the state court system personnel system, elect to retain instead membership in the local retirement plan. Upon election of an employee and notice from the local retirement program of the employer retirement contribution rate attributable to the employee, the Administrative Director of Courts shall pay to the local retirement plan the employer contribution for any employee electing to retain local plan membership. The employer contribution paid by the state to the local retirement plan shall not exceed the employer contribution paid by the state for eligible members transferring to the Employees' Retirement System. The county shall pay into the local plan any additional amount necessary to fully fund the employer contribution pursuant to the local retirement plan.

(1) Eligible employees who have participated in retirement programs with units of local government, whether or not the local programs have utilized the state employees' retirement plan to administer the funding of the plans, shall receive credit for prior service for which they have been given credit under the local retirement programs. When an eligible employee joins the Employees' Retirement System, the total of all employer and employee contributions plus any other amounts, including, but not limited to, interest attributable to the account of the employee to which the employee would have had the right to receive upon withdrawal from the local retirement program, shall be transferred
immediately into the Employees' Retirement Fund on account of
the employee under the same rules and regulations applicable
to other members of the Employees' Retirement System on the
date the employee joins the Employees' Retirement System.
Amounts transferred shall not exceed the amount that would
have been received on behalf of the employee had the employee
been participating in the Employees' Retirement System for the
length of his or her creditable service. Any contribution
represented by annuities purchased by or through the previous
employer on account of the employment therewith of any
eligible employee and for his or her individual benefit shall
be immediately cashed out and the proceeds transferred along
with any other regular contributions to the Employees'
Retirement System.

(2) Eligible employees who have participated in
unfunded local retirement programs or who have not
participated in retirement programs with units of local
government shall be granted prior service credit by the
Employees' Retirement System, based on length of previous
service in any position in juvenile probation services covered
by this chapter, to a maximum of five years. The
Secretary-Treasurer of the Employees' Retirement System shall
authorize and direct the Comptroller to pay from the Juvenile
Probation Services Fund the cost of granting prior service
credit in the amounts determined to be necessary, and the
Comptroller shall pay those amounts as necessary for both
employer and employee contributions into the Employees'
Retirement Fund on account of the eligible employee under the same rules and regulations applicable to other members of the Employees' Retirement System. In addition to the five-year prior service credit described above, any eligible employee may purchase prior service credit in any position covered by this chapter, not to exceed actual years served, by direct payment to the Employees' Retirement System, within one year after October 1 of the year of transition in an amount as determined to be necessary by the Employees' Retirement System for the prior service credit desired.

(3) Any unresolved issues relating to the Employees' Retirement System, including eligibility, membership, benefits, or any other similar question shall be determined by the Board of Control of the system.

(c) The Administrative Office of Courts shall consult with each local personnel system prior to October 1 of the year of transition, to determine the existence of any formal leave accounting system for the benefit of those persons joining the state court system personnel system, as provided in this chapter. "Formal leave accounting system" as used herein refers to a system with an established written policy wherein annual and sick leave are earned in specified increments and leave balances for each employee are maintained on individual leave accounting cards or can be calculated based on supportive documentation.

(1) Each local personnel system operating a formal leave accounting system for the benefit of any employee
covered by this chapter shall certify to the Administrative Director of Courts the balance of all annual and sick leave credited to each Employee's leave account as of the close of business on September 30 of the year prior to transition. Upon receipt of a properly certified leave balance from the appropriate county commission, the Administrative Director of Courts shall credit an individual's leave accounting card with all unused annual and sick leave to which he or she was entitled on September 30 of the year prior to transition. Notwithstanding the foregoing, no individual shall be credited with more than 480 hours of annual leave nor more than 1,200 hours of sick leave for any service rendered prior to his or her inclusion in the state court system personnel system, except that any sick leave earned in excess of this maximum may be credited as a sick leave reserve which may be restored to the Employees' sick leave account if that employee suffers an extended illness or disability which results in a depletion of his or her sick leave balance.

(2) Employees entering the state court system personnel system on October 1 of the year of transition, as herein provided, who were not previously covered by a formal leave accounting system shall begin participation in the leave accrual program.

(3) It shall be the responsibility of each county commission to certify to the personnel division of the Administrative Office of Courts, for eligible employees covered by this chapter, their total service through September
30 of the year prior to transition. For eligible employees in counties maintaining a formal leave accounting system, each county shall certify the Employees' total service with the county. For eligible employees in counties without a formal leave accounting system, certification shall include only the dates of employment in any position covered by this chapter. An Employees' leave accumulation rate shall then be established based on such service, and he or she shall begin earning leave on October 1 of the year of transition, in accordance with the rules and regulations applicable to other employees in the state court system personnel system.

(4) No compensatory leave shall be transferred to the state court system personnel system.

(d) On October 1 of the year of transition, all employees covered by this chapter and any future employees occupying positions covered by this chapter shall be included in the health insurance plan for employees of the State of Alabama under the same rules and regulations applicable to other employees covered by that plan. Any waiting periods applicable to coverage that would otherwise be applicable to an employee joining the state's service are specifically waived for employees covered by this chapter who have at least nine months service prior to transition and provided further that upon receipt of proof at least 30 days prior to October 1 of the year of transition, from any covered employee that his or her family health insurance coverage was furnished as a supplemental benefit to his or her employment immediately
prior to his or her inclusion in the state court system personnel system, the Administrative Director of Courts shall pay the cost of family coverage under the state health plan for the individual. In lieu of coverage in the health insurance plan for state employees as provided herein, any employee covered by this chapter may elect instead to continue to participate in the insurance program provided to the employees of the local governmental unit. Notice of election shall be filed by the individual both with the Administrative Director of Courts and the local governmental unit providing the coverage at least 30 days prior to the date the employee joins the state court system personnel system. Upon receiving notification, the state shall reimburse the local governmental unit for the cost of providing this insurance coverage to the employee. Should conditions cause this local governmental unit to alter or discontinue the insurance coverage offered to its employees after the transition date, any employee covered by this chapter electing to participate in the local governmental health insurance program shall be treated as any other employee of the local governmental unit. If any alterations in coverage made by the local governing body are unacceptable to the employee covered by this chapter electing to participate in the local insurance program, the Administrative Director of Courts may take all reasonable action necessary to procure the same or substantially the same coverage in substantially the same amounts as was in effect on January 1 of the year of transition. In any instance where the Administrative Director
of Courts is unable to procure the same or substantially the
same coverage as herein provided, he or she shall notify the
employee who shall then be included in the health insurance
plan for employees of the State of Alabama under the same
provisions as applicable to employees covered by this chapter
who joined the plan on October 1 of the year of transition.
Any covered employee who elects to retain coverage under any
local insurance program as provided herein, may, during any
period of open enrollment as specified by the State Public
Employees' Health Insurance Board, elect to come under the
State Employees' Health Insurance Plan in lieu of any local
insurance program. The election shall be made in accordance
with any procedure prescribed by the State Public Employees'
Health Insurance Board, with a written copy of the notice
being filed with the Administrative Director of Courts. All
waiting periods applicable to coverage that would otherwise
apply to other employees joining the state service or their
dependents, shall also apply to any person making an election
under this subsection. All questions regarding coverage under
the health insurance plan for employees of the State of
Alabama as provided in this chapter shall be directed to the
State Public Employees' Health Insurance Board for its
determination.

"§16-13-231.

(a) In addition to all other appropriations and
apportionments of public school money now provided by law and
made available for public schools there shall be apportioned

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and paid to local boards of education from the Foundation
Program Fund, the amounts to be determined as hereinafter
provided and in accordance with regulations of the State Board
of Education. This Foundation Program Fund shall be used
principally:

(1) To aid in providing at least a 180 full
instructional day minimum school term, or the hourly
equivalent thereof, except as otherwise provided in paragraph
c. of subdivision (l) of subsection (b); and,

(2) To assist in the promotion of educational
opportunity for all children in the public schools.

(a) The following requirements and procedures,
supplemented when necessary by regulations of the State Board
of Education, shall govern the apportionment of the fund:

(1) REQUIREMENTS FOR PARTICIPATING IN FUND. In order
for a local board of education to share in the apportionment
of the Foundation Program Fund and to receive the maximum
benefits therefrom, the board shall meet the following
conditions:

a. The appropriate local governing body must insure
that the local board of education within its jurisdiction is
receiving an amount of local tax receipts equivalent to ten
mills of school tax as computed from the most current assessed
valuation of property which comprises the school tax district
or districts of the local board of education. The State
Superintendent of Education shall determine compliance with
this provision of the law in accordance with rules or
procedures adopted by the State Board of Education. In
determining compliance for a county board of education, tax
revenues provided to the county board of education from the
county, from whatever tax source derived, shall be considered.
In determining compliance for a city board of education, tax
revenues provided to the city board of education by the county
and the city, from whatever tax source derived, shall be
considered.

b. In the expenditure of all funds available for the
Foundation Program as herein defined, the local board of
education shall as nearly as practicable provide the same
length of term in all schools.

c. 1. Except as otherwise provided in this
paragraph, the local board of education shall provide a school
term of at least 180 full instructional days, or the hourly
equivalent thereof, beginning with school year 2012-2013 and
ending with the last day of the third month of the 2013-2014
school year, or such part of that school term as can be
maintained by using funds available and as defined by
regulations of the State Board of Education. The local
academic school calendar shall be annually established by the
local board of education, within the parameters of
subparagraph 3. In case the local board of education fails to
operate any schools the minimum 180 full instructional day
term, or the hourly equivalent thereof, or the minimum term as
defined by the State Board of Education, the Foundation
Program allowances of the local board of education shall be
computed only for the actual period the schools are in session that school year.

2. In extreme circumstances involving natural occurrences, health-related occurrences, or other extenuating circumstances that result in the cancellation of an instructional day, a local board of education may submit a plan for the approval of the State Superintendent of Education to replace cancelled instructional days by adjusting the school calendar to extend the hours of actual teaching time on specified instructional days. At any time the Governor declares a state of emergency for any part of the state, any affected school system that is closed as a result and loses student days or employee days, or both, may appeal to the State Superintendent of Education for relief in fulfilling the local school calendar with respect to student days or employee days, or both, with no loss of income to employees.

3. Beginning with the 2012-2013 school year and ending with the last day of the third month of the 2013-2014 school year, a local board of education, in providing the minimum required number of instructional days or hours, shall have greater flexibility in establishing the school calendar by adjusting the days or extending the hours of actual teaching or instructional time provided on specified instructional days for the schools under the jurisdiction of the local board. The academic school calendar, established by the local board of education, shall include the minimum required number of instructional days or hours, with the first
day of instruction for students no earlier than the Monday two
calendar weeks before Labor Day, unless August 31 is a Monday,
then on Monday, August 17, and the last day of instruction for
students shall be no later than the Friday immediately before
Memorial Day.

d. The local board of education shall expend funds
for teachers' salaries in accordance with a salary schedule
adopted by the local board of education and approved by the
State Superintendent of Education. The salary schedule shall
be at least 100 percent of those salary amounts specified in
the State Minimum Salary Schedule by cell.

The local board of education shall allocate state
and local Foundation Program funds to each school in an
equitable manner, based on the needs of the students and the
schools, as reflected in the current year's actual student
populations, including at-risk students, students receiving
special education services, and students enrolled in
vocational/technical educational programs. The local board of
education shall report annually to the State Board of
Education on how all state and local funds for public
education, including Foundation Program funds and capital
outlay funds, have been allocated to each of its schools or
area vocational centers.

e. The local board of education shall submit to the
State Superintendent of Education, under the regulations of
the State Board of Education, the following:
1. A proposed building program which sets out in detail the location of all present and proposed buildings; which indicates proposed educational centers and grades to be taught at these centers and which provides schools for all children of the local board of education.

2. Except for those city boards of education not maintaining a transportation system, a proposed transportation program showing the proposed routing of buses and the condition of all roads to be used for transportation.

3. A proposed professional development program which sets out in detail the professional development needs of employees of the local board of education.

4. A proposed technology program which sets out in detail the proposed expenditures of technology funds.

5. A proposed program for the provision of services to students with disabilities and gifted students in compliance with applicable state and federal laws.

6. A proposed program for the provision of vocational educational services in compliance with applicable state and federal laws.

7. A proposed program for the provision of educational services to at-risk students in compliance with applicable state and federal laws. The proposed program for at-risk students shall include the provision that all funds allocated shall be spent for at-risk students.

f. The local board of education shall meet such other standards as may be set up by the State Board of
Education to promote improved educational opportunity and provide better schools.

(2) DETERMINING COST OF FOUNDATION PROGRAM. In determining the cost of the Foundation Program, the Legislature, based on the recommendation of the State Board of Education, shall proceed to find the following allowable costs for each local board of education: Teachers' salaries, fringe benefits, classroom instructional support, and other current expense. The rate per employee set by the Legislature for teachers' retirement and employees' health insurance shall be in effect for the entire fiscal year and shall not be increased by the Teachers' Retirement System or the Public Education Employees' Health Insurance Board, except by further action of the Legislature.

a. The Foundation Program allowance for salaries of teachers shall be determined as follows: The number of teacher units allowed in Section 16-13-232 for each local board of education shall be multiplied by the amount or amounts per teacher unit, which amounts shall be based on the average salaries for each major classification required by the operation of the State Minimum Salary Schedule established by the Legislature in the Education Trust Fund appropriation bill and adopted by the State Board of Education. In recommending to the Governor and the Legislature the State Minimum Salary Schedule the State Board of Education shall give due consideration to degree level, certification, and public education experience. Any teacher, including, but not limited
to, a vocational education teacher, currently under contract in excess of 187 days shall not have the term or salary of his or her contract reduced as a result of this article.

b. The Foundation Program allowance for fringe benefits shall be determined by multiplying a uniform percentage times the amount of teachers' salaries allowed in paragraph a. above or by multiplying a fixed rate depending on the type of fringe benefit. The fringe benefits allowances shall include amounts for the employer's contribution for teachers' retirement, health insurance, Social Security, Medicare, unemployment compensation, personal leave, and sick leave. The fringe benefits allowance may include allowances for other fringe benefits as may be approved by the State Legislature. The State Legislature shall seek the input and advice of appropriate agencies and individuals in setting allowances. The Teachers' Retirement System and the Public Education Employees' Health Insurance Board shall recommend to the Legislature, on or before the first legislative day of each regular session of the Legislature, the rate for the following fiscal year. The Legislature shall set the rate in the annual appropriation bill.

c. The Foundation Program allowance for classroom instructional support shall be determined by multiplying a uniform amount times the number of teacher units allowed in Section 16-13-232. The uniform amount shall include allowances for library enhancement, classroom materials and supplies, professional development, and technology. The library
enhancement appropriation shall be for K-12 Public School
Library/Media Centers and is an absolute appropriation. Other
expenditures may include book binding, repair, CD Roms,
computer software, computer equipment, cataloging,
audio-visual materials, newspapers, magazines, recordings, and
video tapes. The uniform amount may include allowances for
other classroom instructional support as may be approved by
the State Board of Education. The Foundation Program allowance
for classroom instructional support shall also include an
allowance for textbooks which shall be determined on a per
pupil basis. The number of pupils shall be determined by the
number of pupils in average daily membership during the first
20 scholastic days after Labor Day of the preceding school
year. The State Board of Education shall recommend to the
Governor the amount for each cost factor included in classroom
instructional support on or before December 1 of the current
fiscal year for the ensuing fiscal year.

d. The Foundation Program allowance for other
current expense shall be determined by multiplying a uniform
amount by the number of earned units. The uniform amount shall
be recommended by the State Board of Education to the Governor
on or before December 1 of the current fiscal year for the
ensuing fiscal year.

e. The State Board of Education may cause, from time
to time, a study of allowances for teachers' salaries, fringe
benefits, classroom instructional support, and other current
expense of local boards of education to be conducted and,
based on the results of the study, may propose any necessary
changes to the Governor and Legislature.

f. The total cost of the Foundation Program for any
local board of education shall be the total allowed for
teachers' salaries, for fringe benefits, for classroom
instructional support, and for other current expense. The
allowances herein to the local boards of education shall be
expended subject to all applicable laws, rules, and
regulations; however, the total funds calculated in the total
cost of the Foundation Program for teachers' salaries shall be
expended for salaries within the instructional program.

(3) DETERMINING FUNDS AVAILABLE TO PROVIDE
FOUNDATION PROGRAM.

a. The funds available to meet the cost of the
Foundation Program shall be appropriated by the Legislature
taking into consideration an amount of local effort required
on the part of each local board of education. The required
local effort charged against each local board of education for
its share of the cost of the Foundation Program shall be as
follows:

1. For the 1995-96 fiscal year, the equivalent of
five mills of local school tax district ad valorem tax as
reported pursuant to subsection (b)(1)a.

2. For the 1996-97 fiscal year, the equivalent of
seven and one-half mills of local school tax district ad
valorem tax as reported pursuant to subsection (b)(1)a.
3. For the 1997-98 fiscal year, the equivalent of ten mills of local school tax district ad valorem tax as reported pursuant to subsection (b)(1)a.

4. For each fiscal year thereafter, the equivalent of ten mills of local school tax district ad valorem tax as reported pursuant to subsection (b)(1)a.

b. After calculating the total cost of the Foundation Program for each local board of education, the state allocation from the Education Trust Fund is calculated by subtracting the local effort required by this section from the total cost. Although the cost of the Foundation Program is calculated for each school, the one sum allocation for each local board of education shall flow monthly to the local board of education. The state funds for the Foundation Program shall be allotted by the State Board of Education consistent with State Board of Education rules and regulations.

(c) No local board of education may reduce the amount in any cell of any employee salary schedule, or otherwise reduce the compensation of any employee, based upon the amendments to this section made by Act 2012-482 or upon any future modification to its calendar or schedule pursuant to the amendments to this section made by Act 2012-482. Salary appropriations in all future Education Trust Fund budgets shall be based upon the number of contract days allocated by the Legislature, or the hourly equivalent thereof.

"§16-25A-1.
When used in this article, the following terms shall have the following meanings, respectively, unless the context clearly indicates otherwise:

(1) EMPLOYEE. Any person covered by the Public Education Employees' Health Insurance Plan pursuant to Section 16-25A-11 or person who is employed full-time in any public institution of education within the State of Alabama which provides instruction at any combination of grades K through 14, exclusively, under the auspices of the State Board of Education or the Alabama Institute for the Deaf and Blind; provided, any person employed part-time by any public institution of education within the State of Alabama which provides instruction at any combination of grades K through 14, exclusively, under the auspices of the State Board of Education or the Alabama Institute for the Deaf and Blind, shall be included in the definition of employee if such person shall agree to have deducted from his or her compensation a pro rata portion of the premium cost of a full-time employee, based on the percentage of time such person is employed, in accordance with such rules and regulations as shall be adopted by the board.

(2) RETIRED EMPLOYEE. Any person receiving a monthly benefit from the Teachers' Retirement System who at the time of his or her retirement was employed by a public institution of education within the State of Alabama which provided instruction at any combination of grades K through 14, exclusively, under the auspices of the State Board of
Education or pursuant to Section 16-25A-11. Any person receiving a monthly benefit from the Teachers' Retirement System who at the time of his or her retirement was employed by a state-supported postsecondary institution and any person receiving a monthly benefit from the Employees' Retirement System whose retirement under the Employees' Retirement System was from a local board of education or a state-supported postsecondary institution who participated pursuant to Section 36-27-6.

(3) BOARD. The Public Education Employees' Health Insurance Board.

(4) CLASS. An employee or retiree shall be included in one of the following classes: (i) active employee single, (ii) active employee family, (iii) non-Medicare retiree single, (iv) non-Medicare retiree family, (v) Medicare retiree single, (vi) Medicare retiree family, (vii) non-Medicare retiree with Medicare eligible dependent(s), or (viii) Medicare retiree with non-Medicare dependent(s).

(5) EMPLOYEE CONTRIBUTION. The amount of the total health insurance premium to be paid by the employee or retiree as determined by the board.

(6) EMPLOYER CONTRIBUTION. The amount of the total health insurance premium to be paid by the employer as determined by the board.

(7) FEDERAL POVERTY LEVEL. Income level determined in Section 673(2) of the Community Services Block Grant Act 2 (42 U.S.C. § 9902(2)). Should the federal government no longer
derive or substantially change its derivation of the federal poverty level, the Public Education Employees' Health Insurance Board has the authority to derive and apply an alternate poverty level to carry out its obligations under this article.

(8) HEALTH INSURANCE PREMIUM. The total health insurance cost under a health insurance plan with respect to each class of employees or retirees. Individual premiums may include adjustments and surcharges for (i) family size including, but not limited to, a husband and wife both being covered by a health insurance plan as defined herein, (ii) spouse's eligibility for other health insurance, (iii) smokers and users of tobacco products, (iv) preventive care and wellness care participation, and (v) any such other categories of risk that the board shall approve.

(9) MEDICARE RETIREE. A retiree entitled to benefits under the federal Medicare program (Subchapter XVIII of the Social Security Act (42 U.S.C. §§ 1395 et seq.)).

(10) NON-MEDICARE RETIREE. A retiree not entitled to benefits under the federal Medicare program (Subchapter XVIII of the Social Security Act (42 U.S.C. §§ 1395 et seq.)).

(11) OPTIONAL COVERAGE. Health insurance coverage offered to employees and retirees for dental, cancer, indemnity, vision, or such other coverage the Public Education Employees' Health Insurance Board deems appropriate in lieu of coverage under the basic medical plan.
(12) OTHER EMPLOYER GROUP HEALTH INSURANCE COVERAGE.

Group health insurance coverage available to an employee or retiree through an employer other than the State of Alabama. Other employer group health insurance coverage does not include the State Employees' Health Insurance Plan, the Public Education Employees' Health Insurance Plan, or the local government health insurance plan.

(13) PEEHIP. The Public Education Employees' Health Insurance Plan.

(14) RETIREE. Same as "Retired Employee."

(15) SUPPLEMENTAL COVERAGE. Coverage offered to employees and retirees by the Public Education Employees' Health Insurance Board in lieu of coverage in the basic medical plan of the Public Education Employees' Health Insurance Plan that supplements an Employees' or retiree's other employer group health insurance coverage.

(16) SUPPLEMENTAL POLICY. Policy offered to employees and retirees by the Public Education Employees' Health Insurance Board in lieu of or in addition to coverage in the basic medical plan of the Public Education Employees' Health Insurance Plan that provides a defined set of benefits.

(17) YEARS OF SERVICE. The number of years and months of creditable service by an employee prior to retirement as determined by the Teachers' Retirement System or Employees' Retirement System including any periods of full
time permanent employment subsequent to retirement up to a maximum of five years.

"§16-25A-2.

(a) The Public Education Employees' Health Insurance Board shall consist of the members of the Board of Control of the Teachers' Retirement System of Alabama;

(b) Board members shall serve without compensation for their services as board members, but shall be reimbursed from the fund established in subsection (f) of Section 16-25A-8 for all necessary expenses that they may incur through service on the board;

(c) Each board member shall, within 10 days after his appointment or election to the Board of Control of the Teachers' Retirement System, take an oath of office that, so far as it devolves on him, he will diligently and honestly administer the affairs of the board herein established, and that he will not knowingly violate, or willingly permit to be violated, any of the provisions of law applicable to the Public Employees' Health Insurance Plan. Such oath shall be subscribed to by the member making it, certified by the officer before whom it is taken, and immediately filed in the office of the Secretary of State;

(d) Each board member shall be entitled to one vote in matters concerning the board. Six votes shall be necessary for a decision at any meeting of said board. In case of a tie vote, the decision shall fail;
The chairman and vice-chairman of the board shall be the chairman and vice-chairman of the Teachers' Retirement System Board of Control. The Secretary-Treasurer of the Teachers' Retirement System shall serve as chief executive officer of the Public Education Employees' Health Insurance Plan. In addition thereto, the board may engage such actuarial, administrative, legal, and other special services as shall be deemed necessary to transact the business of the insurance plan. The compensation and expenses for these special services shall be paid at such rates and in such amounts as the board shall approve. All other employees not in these categories of employment shall be employed under the provisions of the Merit System Act;

The board shall keep in convenient form such data as shall be necessary for actuarial valuation of the funds of the insurance plan and for checking the experience of the plan.

"§16-25A-2.1.

The Public Education Employees' Health Insurance Board shall constitute a body corporate for the purposes of management of the health insurance plan. The board shall have all powers and may enforce all existing rights and claims, privileges of a corporation and hold its cash and securities and other property in trust for the purpose for which received; provided, however, that as instrumentalities of the state, funded by the state, the Public Education Employees' Health Insurance Board, their officers, and
their employees shall be immune from suit to the same extent as the state, its agencies, officers, and employees.

"§16-25A-3.

The members of the Public Employees' Health Insurance Board and their employees shall not be liable for punitive damages for acts arising out of the good faith performance of their duties in administering the health insurance plan.


(a) The board is hereby authorized to execute a contract or contracts to provide for the benefits or the administration of the plan determined in accordance with the provisions of this article. Such contract or contracts may be executed with one or more agencies or corporations licensed to transact or administer group health insurance business in this state. All of the benefits to be provided under this article may be included in one or more similar contracts issued by the same or different companies. The board is further authorized to develop a plan whereby it may become self-insured upon its finding that such arrangement would be financially advantageous to the state and plan participants.

(b) Before entering into any contract or contracts authorized by subsection (a), the board shall invite competitive bids from all qualified entities who may wish to administer or offer plans for the health insurance coverage or the administrative services desired. The board shall award such contract or contracts on a competitive basis as
determined by the benefits afforded, administrative costs, the
costs to be incurred by employee, retiree, and employer, the
experience of the offering company or agency in the group
health insurance field and its facilities for the handling of
claims. In evaluating these factors the board may employ the
services of impartial professional insurance analysts or
actuaries. The board shall reevaluate the contract or
contracts yearly, and renegotiate on a competitive basis at
least every three years.

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

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

(e) The plan shall require adequate notice in
writing to any participant whose claim for benefits under the
plan has been denied, setting forth the specific reasons for
such denial and shall afford a reasonable opportunity to any
participant whose claim for benefits has been denied for a full and fair review by the claims administrator upon the written request of the participant, within 60 days of the date of denial, setting forth the specific reasons for review. The claims administrator shall provide in writing, within 60 days of the request for review, a final determination of the claim provided that an extension of 60 days may be obtained upon written notification to the participant. Review of a final decision by the claims administrator shall be by the Circuit Court of Montgomery County as provided for the review of contested cases under the Alabama Administrative Procedure Act, Section 41-22-20.

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

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

§16-25A-8.

(a) The Public Education Employees' Health Insurance Board is hereby authorized to provide under the contract or contracts entered into under the provisions of this article an insurance benefit plan for each covered employee and, under
certain conditions, retired employees; the cost of such plan
may be funded in part or in full through monthly premiums per
active employee from the same source of funds as those used
for the payment of salaries of active members and in part from
other funds.

(b) On or before January 1 next preceding each
regular meeting of the Legislature, the board shall certify to
the Governor and to the Legislature the amount or amounts
necessary to fund coverage for benefits authorized by this
article for the following fiscal year for employees and for
retired employees as a monthly premium per active member per
month. The Legislature shall set the premium rate in the
annual appropriation bill.

(c) Any eligible retired employee may elect to
participate in the plan authorized by this article provided
that such retired employee shall agree to have withheld the
employee contribution from each monthly retirement payment.

(d) For any fiscal year in which the monthly premium
certified under subsection (a) for hospital/medical insurance
per eligible employee is less than the cost of the coverage
per eligible employee, then the difference in cost per
eligible employee shall be submitted for each eligible
employee by the employing board, institution, or agency
monthly to the board, the sum of which may be any combination
of employee funds collected through monthly payroll deduction
and employing board, institution or agency funds; in any
fiscal year in which the monthly premium for hospital/medical
insurance for retired employees is less than the cost of the
coverage, then the difference in cost per eligible retired
employee as defined in subsection (c) shall be withheld from
the monthly retirement check of the retired employee.

(e) Each employee and retired employee shall be
entitled to have his or her spouse and dependent children, as
defined by the rules and regulations of the board, included in
the coverage provided upon agreeing to pay the Employees'
contribution of the health insurance premium for such
dependents. The board shall adopt regulations governing the
discontinuance and resumption by such employees of coverage
for dependents, and in the event of the death of an employee
or retired employee, provisions whereby their spouse and
dependents may elect to continue that coverage; provided,
however, that the spouse and dependents shall pay the full
cost of their coverage. During any period in which an
Employees' or retired Employees' dependents are covered under
this article, there shall be withheld from the salary payment
of such employee or the monthly retirement allowance of such
retired employee, the Employees' contribution of the health
insurance premium for coverage of such dependents under the
terms of any contract, contracts, or arrangement entered into
in accordance with the provisions of this article.

(f) There is hereby created in the State Treasury a
fund to be known as the Public Education Employees' Health
Insurance Fund. Such fund shall consist of and there shall be
deposited into such fund all employer paid premiums under the
provisions of subsection (b) of this section and all premiums paid by employees and retired employees under the provisions of this section and any other premiums paid under the provisions of this article. The board shall designate a custodian of this fund who shall be authorized to make deposits into and payments therefrom in accordance with contracts entered into by the board; in addition, any income arising from the investment or deposit of the assets of the fund shall accrue solely to the benefit of the fund.

(g) Any state appropriation from the Education Trust Fund for the fiscal year ending September 30, 1984, and any subsequent fiscal year employer premium payments for hospital/medical insurance for eligible employees as defined under the provisions of this article which are made by any institution, board, or agency whether heretofore or hereafter made, shall be deposited in the fund created in subsection (f) of this section and shall be used to fund coverage for the benefits authorized by the provisions of this article. Disbursement of such funds shall be in accordance with the provisions of subsection (b) of this section.

(h) Premiums required to be paid by the employer together with any premiums deducted from employees' compensation shall be paid to the Public Education Employees' Health Insurance Fund on the first day of the month for which coverage is applicable and the first day of each month thereafter. Monthly reports of the coverage type and premium amount for each covered employee shall be submitted in a
format prescribed by the Public Education Employees' Health Insurance Fund.

(i) Each university which has not elected to participate in the Public Education Employees' Health Insurance Plan shall pay the cost of insuring each employee retired from such university who elects to participate under the Public Education Employees' Health Insurance Plan. Such costs shall be determined in the same manner as is determined for all other retired employees by using the previous fiscal year's claims for all retired employees increased by the expected claims trend for the current fiscal year, as provided by the Public Education Employees' Health Insurance Board's claims administrator. Such amount shall be reduced by the premiums to be paid by the retired employees during the current fiscal year. The Public Education Employees' Health Insurance Board shall invoice each university monthly, and the university shall pay the board within 30 days of the date of the invoice. If payment is not made within 30 days, the Department of Finance is hereby authorized to pay the amount due to the Public Education Employees' Health Insurance Fund directly from funds appropriated to the university.


The Public Education Employees' Health Insurance Board shall promulgate such rules and regulations as may be required for the effective administration of the provisions of this chapter.
§16-25A-16.

Once the Legislature has fully funded the Public Education Employees' Health Insurance Program, the board governing the Public Education Employees' Health Insurance Board Plan and the State Employees' Health Insurance Board Plan shall may coordinate and equalize benefits so that both groups shall be insured and funded equally.

§16-25A-17.

(a)(1) Any premiums paid to the Public Education Employees' Health Insurance Board board for active employees shall include an amount to partially fund the cost of coverage for retired employees. Notwithstanding the foregoing, if the plan becomes fully funded pursuant to this chapter, this section shall not apply.

(2) The amount authorized by subdivision (1) of this subsection shall not be less than an amount determined by multiplying the number of retired employees by an individual retired employee rate. The individual retired employee rate shall be determined by multiplying the full cost of coverage for a retired employee eligible to receive benefits under the federal Medicare program times the fractional amount derived by dividing the current individual premium for an employee not eligible for benefits under the federal Medicare program by the full cost of coverage for an employee not eligible to receive benefits under the federal Medicare program. The Public Education Employees' Health Insurance Board board may provide additional premium payments for retirees in addition
to the minimum amount guaranteed herein to the extent that it
does not exceed the amount of their premium as established by
the board. Any additional funding for premium amounts which
may be provided to retirees with individual coverage who are
not eligible for benefits under the federal Medicare program
by the Public Education Employees' Health Insurance Board
board shall not have the effect of reducing the out-of-pocket
cost below the total out-of-pocket cost paid by retirees with
individual coverage who are eligible for benefits under the
federal Medicare program. The total out-of-pocket cost for the
retirees with individual coverage who are eligible for
benefits under the federal Medicare program shall be
determined by the combined cost of part B of the federal
Medicare program and the Medicare supplement program provided
by the Public Education Employees' Health Insurance Program.

(3) Any premium payments made pursuant to this
section shall be deposited in the same fund and handled
pursuant to the same manner as if made under this chapter.

(b) This section is supplemental and shall be
construed in pari materia with other statutes relating to
health insurance coverage for educational personnel.

§16-25A-42.

(a) There is hereby created the Public Education
Flexible Employees Benefit Board, which shall consist of the
chair and vice-chair of the Public Education Employees' Health
Insurance Board and three four members of the Public Education
Employees' Health Insurance Board, one of whom shall be the
Director of Finance. Two members of the Public Education Employees' Health Insurance Board shall be elected from the Public Education Employees' Health Insurance Board's membership as members of the Public Education Flexible Employees' Benefit Board. The individuals presently holding the offices shall constitute the initial membership of the board, and their successors in office, by virtue of assuming such office, shall succeed to membership on the board. The Director of Finance may designate a person to attend the meetings from time to time and to vote in his or her absence.

(b) The board shall elect one of its members as chair of the board and another as vice chair and shall also elect a secretary who need not be a member of the board. The chair, vice chair, and the secretary shall serve as officers at the pleasure of the board. A majority of the members of the board shall constitute a quorum and the affirmative vote of a majority of those members present shall be necessary for any action taken by the board. No vacancy in the membership of the board shall impair the right of a quorum to exercise all rights and perform all duties of the board.

"§22-11A-118.

(a) There is established the Health Care Data Advisory Council to assist in developing regulations and standards necessary to implement the provisions of this article, to review and serve as consultants to the board on matters related to any reports or publications prior to a report or publication release and to serve as consultants to
the board on matters relating to the protection, collection, and dissemination of health care facility acquired infection data.

(b) The council shall consist of 18 members and be constituted in the following manner:

(1) Six hospital members to be appointed by the Alabama Hospital Association, two of which shall be infection control professionals.

(2) Three members to be appointed by the Medical Association of the State of Alabama.

(3) Two members to be appointed by the Business Council of Alabama, at least one of whom represents a small business, all of whom are purchasers of health care, and none of whom are primarily involved in the provision of health care or health insurance.

(4) One member to be appointed by the Mineral District Society.

(5) One consumer member who is not a health care professional or does not provide health insurance or an agent thereof to be appointed by the Governor.

(6) One member to be appointed by Blue Cross/Blue Shield of Alabama.

(7) One member to be appointed by the Alabama Association of Health Plans.

(8) One member to be appointed by the State Health Officer who is an active member of the Association for Professionals in Infection Control, licensed to practice in
the State of Alabama, and currently practicing in a clinical setting.

(9) One member to be appointed by the Public Education Employees' Health Insurance Board.

(10) One member to be appointed by the State Employees' Insurance Board.

(11) The State Health Officer shall act as chair of the board, without a vote, except where there is a tie vote of the other board members present at a meeting.

(c) The council membership shall reflect the racial, gender, geographic, urban and rural, and economic diversity of the state.

(d) The terms of the appointed members shall be staggered as follows: The State Health Officer shall divide the members into two equal groups. The members of the first group shall be appointed for an initial term of two years. The members of the second group shall be appointed for an initial term of four years. Thereafter, the term of office of each member shall be for four years. A member may serve two consecutive terms. A member shall serve until a successor is appointed. If a vacancy occurs, the original appointing authority shall fill the vacancy for the remainder of the unexpired term.

(e) The council shall meet within 30 days after the appointment of the council membership and establish procedures and other policies necessary to carry on the business of the council. A quorum shall be a majority of the appointed
members. All meetings of the council shall be announced in advance and conducted pursuant to the Open Meetings Act, found at Section 36-25A-1, et seq.

(f) The members of the council shall not receive a salary or per diem allowance for serving as members of the council, but shall be entitled to reimbursement for expenses incurred in the performance of the duties of the office at the same rate allowed state employees pursuant to general law.

(g) The council may appoint a technical advisory committee if desired. The technical advisory committee members do not have to be members of the council.

(h) The State Health Officer or his or her designee shall be an ex officio member and chair of the board without vote, except where there is a tie vote of the other board members present at a meeting.

"§36-1-6.2.

(a) Any instrumentality or agency of the State of Alabama, whose principal activity consists of distributing goods or services by contract with the United States, or any federal governmental corporation, and which are not covered by the provisions of Chapter 29 of this title, shall be subject to all the provisions of this section. Such instrumentality or agency is hereby empowered to purchase and pay for group health, accident or hospitalization insurance coverage for its officers and employees. Such instrumentality or agency is hereby further authorized to contract with the State Public Employees' Health Insurance Board for group health, accident
or hospitalization insurance coverage, and under such terms, conditions, and costs as the State Public Employees' Health Insurance Board and the instrumentality or agency shall mutually determine. The cost or premium for such group health, accident or hospitalization insurance shall not be deemed to be compensation to the covered party.

(b) All contracts and policies of group life, health, accident and hospitalization insurance which have been issued prior to July 1, 1991, to any instrumentality or agency defined in subsection (a) for the benefit of its officers and employees are hereby ratified, confirmed, approved and validated. All acts done and all premiums paid by said instrumentality or agency of any such contract or policy are hereby ratified, confirmed, approved and validated.

"§36-27-6.4.

(a) Any active and contributing member of the Oxford Emergency Medical Services, Inc., that participates in the Employees' Retirement System under Section 36-27-6, may purchase prior non-qualified service for employment rendered to Oxford Emergency Medical Services before July 14, 2009, as permitted by the IRC Section 415(n)(3)(B). Currently, under federal law the employee must have five or more years of creditable service in the Employees' Retirement System prior to purchasing up to five years' non-qualified service.

(b) No member shall receive credit for any service that the member is already credited with in the system or any
other public retirement plan, with the exception of the federal Social Security program.

(c) Any member who is eligible to purchase service credit shall furnish to the Secretary-Treasurer of the Employees' Retirement System the full actuarially determined cost for each year of claimed service as determined by the system's actuary.

(d) Any year of service purchased under the provisions of this section shall not be considered in determining the out-of-pocket premium amount charged to retirees under the provisions of Section 16-25A-8.1 or Section 36-29-19.7. Also, any service purchased under this section shall not entitle a member to be eligible for benefits under either the PEEHIP or SEIB State Employees' Health Insurance Plan any earlier than the member could have reached eligibility under the plan without the service purchased under the provisions of this section.

§36-29-1.

When used in this chapter, the following terms shall have the following meanings, respectively, unless the context clearly indicates otherwise:

(1) BOARD. The State Public Employees' Health Insurance Board.

(2) CLASS. An employee or retiree shall be included in one of the following classes: (i) active employee single, (ii) active employee family, (iii) non-Medicare retiree single, (iv) non-Medicare retiree family, (v) Medicare retiree
single, (vi) Medicare retiree family, (vii) non-Medicare retiree with Medicare eligible dependent(s), or (viii) Medicare retiree with non-Medicare dependent(s).

(3) EMPLOYEE. A person who works full time for the State of Alabama or for a county health department and who receives his or her full compensation on a monthly basis through means of a state warrant drawn upon the State Treasury or by check drawn by the Treasurer of the Alabama State Port Authority or by check drawn by the treasurer of the Alabama state agency for surplus property other than those employees covered by the federal Railroad Retirement Act. Full-time employees of the county health department in all counties having populations of not less than 300,000 nor more than 500,000 shall also be included in the definition of employee for the purpose of this chapter, and the health department of any such county is hereby authorized to pay the employer's share of any contributions to the retirement fund; provided further, that any district attorney or full-time employees in the district attorney's office, of any judicial circuit shall be included in the definition of employee for the purpose of this chapter, and the respective judicial circuits are hereby authorized to pay the employer's share of any contribution therefor and any person employed part time by the State of Alabama on a wage and hourly basis, excluding fee compensations and other like arrangements, shall be included in the definition of employee as defined in this chapter provided such person shall agree to have deducted from his or
her hourly wage, as stipulated, a pro rata portion of the
premium cost of a full-time state employee based on the
percentage of time such person is employed by the state
according to rules and regulations established by the State
Employees' Insurance Board board. The term shall also include
an employee who worked at least 10 years for the State
Department of Transportation in "captive county" circumstances
as defined by Section 23-1-100 and who was transferred to
county employment upon the adoption of Article 3A, Chapter 1,
Title 23. Provided further, however, any costs incurred as a
result of including such employee in this term shall be
payable from funds of the State Department of Transportation.

(4) EMPLOYEE CONTRIBUTION. The amount of the total
health insurance premium to be paid by the employee or retiree
as determined by the board.

(5) EMPLOYER CONTRIBUTION. The amount of the total
health insurance premium to be paid by the employer as
determined by the board.

(6) FEDERAL POVERTY LEVEL. Income level determined
in Section 673(2) of the Community Services Block Grant Act 2
(42 U.S.C. § 9902(2)). Should the federal government no longer
derive or substantially change its derivation of the federal
poverty level, the State Employees' Insurance Board board has
the authority to derive and apply an alternate poverty level
to carry out its obligations under this chapter.

(7) HEALTH INSURANCE PREMIUM. The total health
insurance cost under the State Employees' Health Insurance
Plan with respect to each class of employees or retirees. Individual premiums may include adjustments and surcharges for (i) family size including, but not limited to, a husband and wife both being covered by the State Employees' Health Insurance Plan, (ii) spouse's eligibility for other health insurance, (iii) smokers and users of tobacco products, (iv) preventative care and wellness care participation, and (v) any such other categories of risk that the board shall approve.

(8) MEDICARE RETIREE. A retiree entitled to benefits under the federal Medicare program (Subchapter XVIII of the Social Security Act, 42 U.S.C. §§ 1395 et seq.).

(9) NON-MEDICARE RETIREE. A retiree not entitled to benefits under the federal Medicare program (Subchapter XVIII of the Social Security Act, 42 U.S.C. §§ 1395 et seq.).

(10) OTHER EMPLOYER GROUP HEALTH INSURANCE COVERAGE. Group health insurance coverage available to an employee or retiree through an employer other than the State of Alabama. Other employer group health insurance coverage does not include the State Employees' Health Insurance Plan, the Public Education Employees' Health Insurance Plan, or the local government health insurance plan.

(11) RETIREE. An employee who retires from the service of the State of Alabama, who, at the time of such retirement has at least 10 years of creditable coverage, meets the criteria set out in this chapter and who, following such retirement, draws a monthly benefit from the Employees' Retirement System of Alabama, the Judicial Retirement System
of Alabama, the Teachers' Retirement System of Alabama, or the Alabama State Port Authority.

(12) STATE EMPLOYEES' HEALTH INSURANCE PLAN. The health benefit plan administered or offered by the State Employees' Insurance Board board for eligible employees and retirees and their respective dependents. The State Employees' Insurance Board board may offer supplemental coverages and policies in lieu of or in addition to coverage in the basic medical plan of the State Employees' Health Insurance Plan. Also referred to herein as "health insurance plan" or "plan."

(13) SUPPLEMENTAL COVERAGE. Coverage offered to employees and retirees by the State Employees' Insurance Board board in lieu of coverage in the basic medical plan of the State Employees' Health Insurance Plan that supplements an Employees' or retiree's other employer group health insurance coverage.

(14) SUPPLEMENTAL POLICY. A policy offered to employees and retirees by the State Employees' Insurance Board board, in lieu of or in addition to coverage in the basic medical plan of the State Employees' Health Insurance Plan, that provides a defined set of benefits.

(15) THIRD PARTY ADMINISTRATOR. An entity contracted by the State Employees' Insurance Board board to provide certain administrative services as it deems appropriate and necessary to carry out its obligations under this chapter.

(16) YEARS OF CREDITABLE COVERAGE. The number of years and months that an employee is covered under the State
Employees' Health Insurance Plan prior to retirement as determined by the State Employees' Insurance Board board, including any periods of full-time permanent employment subsequent to retirement up to a maximum of five years. Creditable coverage shall also include months and years: (1) Related to service in the United States Armed Forces; (2) as a part-time employee prior to October 1, 2005; (3) as an employee as defined in Sections 16-25A-1 and 16-25A-11; (4) as a full time employee of a local legislative delegation office which participates in the Employees' Retirement System if the employee is under the state employees' insurance plan on June 14, 2011; (5) as an employee of a postsecondary institution eligible for Public Education Employees' Health Insurance Plan coverage as a retiree whether the institution participates in the Public Education Employees' Health Insurance Plan or has its own plan of insurance for active employees, provided the postsecondary institution contributes an amount to the State Employees Insurance Fund for each of its retired employees equal to any amount appropriated by the state to fund benefits for retired employees as determined by the State Employees' Insurance Board board; (6) as a juvenile probation officer provided that the Administrative Office of Courts contributes an amount to the State Employees Insurance Fund for each retired juvenile probation officer equal to any amount appropriated by the state to fund benefits for retired employees as determined by the State Employees' Insurance Board board; or (7) as an employee of the USS Alabama
Battleship Commission provided that the USS Alabama Battleship Commission contributes an amount to the State Employees Insurance Fund for each retired employee of the USS Alabama Battleship Commission equal to any amount appropriated by the state to fund benefits for retired employees as determined by the State Employees' Insurance Board board. For employees of the Alabama State Port Authority, the term years of creditable coverage shall mean the sum of the number of years and months of creditable service as determined by the Employees' Retirement System, the Teachers' Retirement System, or the Judicial Retirement System with regard to any periods of time during which such employee was employed under the Merit System plus the number of years and months of creditable service as determined by the State Employees' Insurance Board board with regard to any period of time during which such employee was employed by the Alabama State Port Authority as a non-Merit System employee.

(17) YEARS OF SERVICE. The number of years and months of creditable service by an employee prior to retirement as determined by the Employees' Retirement System, Teachers' Retirement System, or Judicial Retirement System including any periods of full time permanent employment subsequent to retirement up to a maximum of five years. Except for creditable service related to service in the United States Armed Forces, or as an employee as defined in Sections 16-25A-1 and 16-25A-11, or as an employee of a postsecondary institution eligible for PEEHIP coverage as a retiree whether
the institution participates in PEEHIP or has its own plan of
insurance for active employees, the State Employees' Insurance
Board may exclude from years of service any years and
months of creditable service it determines was not related to
service as an employee as defined in Section 36-29-1. For
employees of the Alabama State Port Authority, the term years
of service shall mean the sum of the number of years and
months of creditable service as determined by the Employees'
Retirement System, the Teachers' Retirement System, or the
Judicial Retirement System with regard to any periods of time
during which such employee was employed under the Merit System
plus the number of years and months of creditable service as
determined by the State Employees' Insurance Board with
regard to any period of time during which such employee was
employed by the Alabama State Port Authority as a non-Merit
System employee.

"§36-29-3.
The health insurance plan provided for in this
chapter shall be designed by the State Employees' Insurance
Board to provide a reasonable relationship between the
hospital, surgical, and medical benefits to be included and
the expected hospital, surgical, and medical expenses to be
incurred by the affected employee and retiree and dependents
and to include reasonable controls, which may include, but are
not limited to, deductible, copayment, coinsurance, and other
cost containment measures to prevent unnecessary utilization
of the various hospital, surgical, and medical services
available and to provide reasonable assurance of stability in future years for the plan.

§36-29-5.

(a) Such health insurance shall not include any of the following:

(1) Expenses incurred by or on account of an individual prior to the effective date of the plan.

(2) Cosmetic surgery or treatment, except to the extent necessary for correction of damages caused by accidental injury while covered by the plan or as a direct result of disease covered by the plan.

(3) Services received in a hospital owned or operated by the United States government for which no charge is made.

(4) Services received for injury or sickness due to war or any act of war, whether declared or undeclared, which war or act of war shall have occurred after the effective date of this plan.

(5) Expenses for which the individual is not required to make payment.

(6) Expenses to the extent of benefits provided under any employer group plan other than the plan in which the state participates in the cost thereof.

(7) Such other expenses as may be excluded by regulations of the board.

(b) This section shall not mandate the coverage of hearing assistance devices except that the State Employees'
Health Insurance Board board may determine by a majority vote of the board to cover such expenses in part or in whole on or after April 11, 2000.

"§36-29-6.

(a) The board is hereby authorized to execute a contract or contracts to provide the plan determined in accordance with the provisions of this chapter. Such contract or contracts may be executed with one or more agencies or corporations licensed to transact or administer group health insurance business in this state. All of the benefits to be provided under this chapter may be included in one or more similar contracts issued by the same or different companies.

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

(c) The contract or contracts executed by the board with the selected carrier or third party administrator shall be a contract to offer coverage to all employees and retirees
of the state subject to the provisions of this chapter; provided, however, that nothing contained in this chapter shall prohibit other insurance carriers from soliciting additional health and other types of insurance coverage with state employees, and nothing contained in this chapter shall prohibit the Director of Finance from authorizing payment of premiums for such additional health and other types of coverage by payroll deduction.

(d) The board may authorize a carrier with whom a contract has been executed to reinsure portions of such contract with other such carriers which elect to be a reinsurer and who are legally qualified to enter into a reinsurance agreement under the laws of this state.

(e) Each employee and retiree who is covered under the plan shall receive a certificate or summary document setting forth the benefits to which the employee, retiree, and dependents are entitled thereunder, to whom such benefits shall be payable, to whom claims shall be submitted, and a summary of the provisions of the plan as they affect the employee, retiree, and dependents.

(f) The board may at the end of any contract period discontinue any contract or contracts it has executed with any carrier or third party administrator and replace same with a contract or contracts with any other carrier or third party administrator meeting the requirements of this chapter.

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

"§36-29-13.

(a) There is hereby provided from the funds of the State Employees' Health Insurance Plan $1,592,605.00 (estimated) for the fiscal year beginning October 1, 1985. The State Employees' Insurance Board board is hereby to expend $22.35 per month per eligible retired employee towards coverage for said retired employee for the fiscal year beginning October 1, 1985.

(b) It is the intent of the Legislature that subsequent appropriations to the State Employees' Insurance Board board pursuant to this section shall be included in the appropriations made for active employees from employer funds pursuant to subsection (d) of Section 36-29-7 beginning with the fiscal year 1986-87 and each year thereafter and shall be increased to fully fund the employer's portion of the benefits provided for in Section 36-29-10.

(c) The board shall recognize any Medicare premium paid by a retiree in determining any increases in retiree contributions in existing and newly imposed premiums proscribed on state employees and retirees.

"§36-29-14.

(a) Any agency of the state, or any governmental entity, body, or subdivision thereto, any county, any municipality, any municipal foundation, any fire or water
district, authority, or cooperative, any regional planning and
development commission established pursuant to Sections
11-85-50 through 11-85-73, that is not and was not for the 12
months immediately preceding the date of application to
participate in any plan created pursuant to the provisions of
this article a member of an existing government sponsored
health insurance program, formed under the provisions of
Section 11-26-2, the Association of County Commissions of
Alabama or the Alabama League of Municipalities, the Alabama
Retired State Employees' Association, the Alabama State
Employees Credit Union, Easter Seals Alabama, Alabama State
University, the Alabama Rural Water Association, Rainbow
Omega, Incorporated, The Arc of Alabama, Incorporated, and any
of the affiliated local chapters of The Arc of Alabama,
Incorporated, United Ways of Alabama and its member United
Ways, any railroad authority organized pursuant to Chapter 13,
Title 37, or any solid waste disposal authority organized
pursuant to Chapter 89A, Title 11, by resolution legally
adopted to conform to rules prescribed by the State Employees'
Insurance Board, may elect to have its officers,
members, employees, and retired employees become eligible for
health insurance coverage under the State Employees' Insurance
Board without any liability to the state or the State
Employees' Health Insurance Plan.

(b) Acceptance of the employees identified in
subsection (a) shall be optional with the State Employees'
Insurance Board.
(c) Employees, officers, members, and retirees who are eligible for health insurance pursuant to this section shall be entitled to coverage and benefits as designated by the State Employees' Insurance Board board.

(d) Any portion of the cost of the insurance coverage as determined by the State Employees' Insurance Board board for the employees, officers, members, and retirees and their dependents pursuant to this section may be paid by the employer.

(e) The chief fiscal officer of each employer shall remit to the State Employees' Insurance Board board the amount of premiums required for employee and dependent coverage under this section. The employer shall furnish the necessary information to the State Employees' Insurance Board board.

(f) The agreement of any employer to have its employees, officers, members, and retirees to be covered under the health insurance plan provided by the State Employees' Insurance Board board may be revoked only by complying with the following provisions:

The employer, by resolution of the governing body, shall signify its intention and desire to withdraw from such plan in writing and by delivering a copy of such resolution by certified mail to the State Employees' Insurance Board board no later than six months prior to the effective date of withdrawal. Any employer that withdraws from participation in such plan shall be responsible for paying its claims incurred prior to the date of withdrawal, but not reported and paid.
prior to the date of withdrawal. The withdrawing employer shall also be liable for interest which will accrue at a rate of one and one-half percent per month on any monies due to the State Employees' Insurance Board which are over 30 days past due. Any organization which provides or administers health insurance benefits through the Local Government Health Insurance Program shall not provide or administer health insurance benefits to any entity which withdraws from the Local Government Health Insurance Program for a period of two years from the effective date of withdrawal.

(g) The State Employees' Insurance Board shall promulgate such rules and regulations as may be necessary for the effective administration of the provisions of this section.

(h) In addition, the State Employees' Insurance Board shall engage such actuarial and other special services as shall be required to transact the business of the board. The compensation of all persons engaged by the board, with the exception of clerical employees who shall be employed under the Merit System Act, and all other expenses of the board necessary for the operation of the board shall be paid at such rates and in such amounts as the board shall approve.

§36-29-14.1.

(a) The governing body of any county soil and water conservation district may, by resolution legally adopted to conform to rules prescribed by the State Employees' Insurance Board, elect to have its officers and employees who are
full-time employees working at least a 40-hour work week and
its retiring employees who worked full time at least a 40-hour
work week during their active employment become eligible to
participate in the State Employees' Health Insurance Plan. The
term "officers" and "employees" as used in this section shall
include those persons appointed or employed by the individual
officers and performing their duties in public offices, but
shall not include members of soil and water conservation
district boards, known as district supervisors who are
expressly prohibited from participating in said health
insurance plan.

(b) Each employee who is covered by the State
Employees' Health Insurance Plan pursuant to this section
shall be entitled to the coverage and benefits as though he
were a state employee.

(c) The cost of the insurance coverage for the
employee shall be paid by the employer; however, each employee
who chooses to have dependent coverage shall agree to pay the
cost of coverage for his dependents. The chief fiscal officer
of each employer shall pay to the State Employees' Insurance
Board to the credit of the State Employees' Insurance
Fund the amount of premiums paid by the employer and the
employees.

(d) The agreement of any employer to have its
officers and employees and its retiring employees to be
covered under the State Employees' Health Insurance Plan shall
be irrevocable except it can be terminated by the employer, by
1 resolution of the governing body, signifying its intention and
desire to withdraw from such plan in writing and delivering a
copy of such resolution to the State Employees' Insurance
Board board; provided, however, any officer or employee who
becomes covered under such plan shall be entitled to a minimum
of five consecutive years of coverage.

(e) The State Employees' Insurance Board board shall
promulgate such rules and regulations as may be required for
the effective administration of the provisions of this
article.

"§36-29-15.

(a) Any member of the Legislature and the Lieutenant
Governor, during their term of office, and their dependents,
shall be eligible for coverage under the State Employees'
Health Insurance Plan and upon expiration of their term of
office may continue such coverage for a maximum of 36 months.

(b) Preexisting conditions shall not be covered
until the insured has been covered under the plan for a period
of 12 months, provided, however, that any legislator enrolling
within 30 days of April 23, 1990 or within 30 days of the
beginning of any calendar year thereafter shall not be subject
to this limitation of benefits. A preexisting condition is any
condition for which the insured or their covered dependent
received medical treatment, advice or consultation or received
any prescribed medication within 12 months of the effective
date of the insured's coverage under the plan.
(c) The premiums for the insurance coverage for a legislator, the Lieutenant Governor and their dependents shall be paid by the individual legislator and the Lieutenant Governor.

(d) The State Employees' Insurance Board shall promulgate such rules and regulations as may be required for the effective administration of the provisions of this section.

§36-29-17.

(a) Notwithstanding the provisions of Section 36-29-1, an employee or executive officer of the Alabama Sports Hall of Fame Board and his or her dependents shall be eligible for coverage under the State Employees' Health Insurance Plan and upon the expiration of the employment may continue the coverage for a maximum of 36 months.

(b) Preexisting conditions shall not be covered until the insured has been covered under the plan for a period of 12 months. An employee enrolling within 30 days of August 7, 1995 or within 30 days of the beginning of a calendar year thereafter shall not be subject to this limitation of benefits. A preexisting condition is a condition for which the insured or their covered dependent received medical treatment, advice, or consultation, or received a prescribed medication within 12 months of the effective date of the insured's coverage under the plan.

(c) The premiums for the insurance coverage for employees, executive officers, and their dependents shall be
paid pursuant to Section 36-29-7. For those purposes, the Alabama Sports Hall of Fame shall be the employer.

(d) The State Employees' Insurance Board board shall promulgate rules and regulations required for the effective administration of this section.

"§36-29-18.

As a condition of participation in an insurance policy of the State Employees Insurance Board (SEIB) board a pharmacist shall dispense a generic equivalent medication to fill a prescription for a patient covered by SEIB the plan when one is available unless the physician indicates in longhand writing on the prescription "medically Necessary" or "dispense as written" or "do not substitute". The generic equivalent drug product dispensed shall be pharmaceutically and therapeutically equivalent and contain the same active ingredient, or ingredients, and shall be of the same dosage, form, and strength.

"§36-29-19.9.

(a) Notwithstanding any other laws to the contrary, a spouse and dependents of a person covered under the State Employees' Insurance Board (SEIB) health insurance plan who is killed in the line of duty or who dies as a result of an injury received in the line of duty shall continue to be covered under the SEIB health insurance plan, with the cost of continued coverage to be paid from the State Treasury.

(b) The continued coverage shall cease for the spouse if he or she remarries or obtains an alternate health
insurance provider. Continued coverage shall cease for any dependent when his or her eligibility for coverage terminates.

"§36-29A-2.

The costs of the program and its administration shall be paid from the funds appropriated for the operation of the several state departments, agencies, boards and commissions, to which the Director of Finance may apportion the costs. Medical costs may be managed by cooperative agreement with the State Public Employees' Health Insurance Board.

"§36-34-2.

As an alternative to the provisions of Section 36-34-1, the local units are authorized to participate in a health insurance plan developed by the State Public Employees' Health Insurance Board or the Alabama Retired State Employees' Association to provide health insurance coverage to retirees, designated beneficiaries, and surviving spouses of active members of the local units who are receiving benefits from the Employees' Retirement System. The costs of extending the health insurance to the retirees, designated beneficiaries, or surviving spouses under the aforementioned developed health insurance plan may be paid from any funds available to the local units which are otherwise unencumbered.

"§36-35-3.

(a) The Alabama Prescription Cost Initiative Board is created.
(b) The board shall consist of the following voting members: The executive director or chief staff person of the State Public Employees' Health Insurance Board (SEIB) (PEHIB) and the Public Education Employees Health Insurance Plan (PEEHIP), the Chair of the Board of Directors of SEIB, the Chair of the Board of Directors of PEEHIP PEHIB, two board members of the PEHIB as appointed by the PEHIB, and the State Health Officer. The Director of the Medicaid Agency may serve in a nonvoting capacity.

(c) The board shall promulgate policies to implement this chapter and may hire an executive director and necessary staff to implement and administer this chapter with or without regard to the state Merit System.

(d) The board through its executive director may enter into agreements with a prescription drug buying group or manufacturer to negotiate price discounts or rebates on behalf of the board or any participating department or governmental entity.

(e) The board through its executive director may enter into agreements with, or affiliate with, a prescription drug buying group for centralized purchase and distribution of prescription drugs to retail pharmacies. Notwithstanding any provision of this subsection to the contrary, nothing herein shall require, nor be construed to require, any retail pharmacy to purchase prescription drugs from a central warehouse or central facility.
(f) The board shall make recommendations to public employee insurance programs, departments, and governmental entities for prescription formulary design.

(g) In conformity with the official policy of the U.S. Food and Drug Administration and its regulations, the reimportation of prescription drugs is expressly prohibited pursuant to this chapter.

"§36-36-1.

The Legislature of Alabama hereby finds and determines that the funding of accrued and accruing health care benefits to retired employees and their dependents is a proper governmental function and purpose of the state. The Governmental Accounting Standards Board has issued Statements 43 and 45, which set forth standards on accounting and reporting for post-employment benefits other than pensions by governments. The new standards will require the state to account for such post-employment benefits on an actuarial basis during an Employees' career rather than on a pay-as-you-go basis during the Employees' period of retirement. The Legislature has determined that it would be advisable for the state to create irrevocable trusts whereby the state may begin funding those benefits in advance to address and ultimately offset the state's accrued liabilities for such benefits. Therefore, the state, the State Employees' Insurance Board, and the Public Education Employees' Heath Insurance Board are authorized and directed to create irrevocable trusts to be named the "Alabama Retired State
"Employees' Health Care Trust" and the "Alabama Retired Education Employees' Health Care Trust," respectively, which shall be created, funded, and administered in accordance with the provisions of this chapter to protect and enhance the financial condition of the State.

"§36-36-3.

As used in this chapter, the following words and phrases shall have the following respective meanings:

(1) ALABAMA RETIRED EDUCATION EMPLOYEES' HEALTH CARE TRUST. The Alabama Retired Education Employees' Health Care Trust created by the state and the Public Education Employees' Health Insurance Board pursuant to this chapter.

(2) ALABAMA RETIRED STATE EMPLOYEES' HEALTH CARE TRUST. The Alabama Retired State Employees' Health Care Trust created by the state and the State Public Employees' Health Insurance Board pursuant to this chapter.

(3) BOARDS. The State Employees' Insurance Board and the Public Education Employees' Health Insurance Board.

(4) DEPENDENTS. The spouse and dependent children, as defined by the rules and regulations of the respective boards, of a retired employee who are covered by either the Public Education Employees' Health Insurance Plan pursuant to Chapter 25A of Title 16, as amended from time to time, or the State Employees' Health Insurance Plan pursuant to Chapter 29 of this title, as amended from time to time.

(5) EMPLOYEE. Any person who is a participant in either the Public Education Employees' Health Insurance Plan
pursuant to Chapter 25A of Title 16, as amended from time to
time, or the State Employees' Health Insurance Plan pursuant
to Chapter 29 of this title, as amended from time to time, and
satisfies the definition of an employee under Section
16-25A-1(1) or Section 36-29-1(3), as amended from time to
time.

(6) FISCAL YEAR. The fiscal year of the state as may
from time to time be provided by law.

(7) OTHER POST-EMPLOYMENT BENEFITS or
POST-EMPLOYMENT BENEFITS. Non-pension benefits paid on behalf
of retired employees or their dependents after the employees'
separation from service in accordance with the relevant
post-employment benefit plan.

(8) PERMITTED INVESTMENTS. All assets and properties
in which the Retirement Systems of Alabama may invest as
permitted by law from time to time.

(9) PUBLIC EDUCATION EMPLOYEES' HEALTH INSURANCE
BOARD. The Public Education Employees' Health Insurance Board
established by Section 16-25A-2, or its successor or assign.

(9) RETIRED EMPLOYEE. A former employee who is
a participant in either the Public Education Employees' Health
Insurance Plan pursuant to Chapter 25A of Title 16, as amended
from time to time, or the State Employees' Health Insurance
Plan pursuant to Chapter 29 of this title, as amended from
time to time, and satisfies the definition of retiree under
Section 36-29-1(11), as amended from time to time, or retired
employee under Section 16-25A-1(2), as amended from time to

time.

(10) (11) STATE. The State of Alabama.

(12) STATE EMPLOYEES' INSURANCE BOARD. The State

Employees' Insurance Board established by Section 36-29-2, or

its successor or assign.

(11) (13) TRUSTEE. A trustee of the relevant trust.

(12) (14) TRUSTS. The separate trusts to be created

by the state, on the one hand, as the grantor, and members of

the State Employees' Insurance Board or the Public Education

Employees' Health Insurance Board board, on the other hand, as

trustees of the respective trusts, pursuant to this chapter.

§36-36-4.

The trusts created pursuant to this chapter shall be

evidenced by a written trust instrument, the terms and

conditions of which shall be determined by the board creating

such trust and the Governor on behalf of the state as long as

such terms and conditions do not conflict with this chapter.

The Trustees of the Alabama Retired State Employees' Health

Care Trust shall be the members of the State Employees'

Insurance Board serving from time to time, and the Trustees of

the Alabama Retired Education Employees' Health Care Trust

shall be the members of the Public Education Employees' Health

Insurance Board board serving from time to time. Each trust

shall be managed and controlled by its respective trustees

separately from and independent of the management and control

of the other trust. The trustees shall serve without
compensation for their service as trustees, but may be reimbursed from the respective trust for all reasonable and necessary expenses that they incur in connection with their services as Trustees.

"§36-36-5.

(a) The trusts shall be under the management and control of the trustees. All powers necessary or otherwise advisable for the management and control of the trusts shall be vested solely in the respective trustees.

(b) The trustees shall have all of the powers necessary to carry out and effectuate the purposes and provisions of this chapter, all the power and authority granted under law to the board which created the trust, and all powers granted to trustees under Alabama law to the extent not in conflict with this chapter, including, without limiting the generality of the foregoing, the following powers:

(1) To adopt, alter, and repeal rules for the operation and conduct of the respective trust's affairs and business;

(2) To make, enter into, and execute contracts, agreements, and other instruments and to take such other actions as may be necessary or otherwise advisable for the management and operation of the respective trust, to accomplish any purpose for which the respective trust was created, or to exercise any power granted by this chapter;

(3) To enter into contracts with, to accept aid and grants from, to cooperate with, and to do any and all things
that may be necessary or otherwise advisable in order to avail
the respective trust of the aid and cooperation of the United
States of America, the state, or any agency, instrumentality,
or political subdivision of either thereof in furtherance of
the purposes of this chapter;

(4) To appoint, employ, and contract with such
employees, agents, advisors, and consultants, including, but
not limited to, attorneys, accountants, actuaries, financial
experts, and such other advisors, consultants, and agents as
may, in the trustees' judgment, be necessary or otherwise
advisable and to determine and pay, from the funds of the
trusts, the compensation of those persons; and

(5) To invest the funds of the trusts in any
permitted investment.

(c) The expenses of making and disposing of
investments, such as brokerage commissions, legal expenses
referable to a particular transaction, transfer taxes, and
other customary transactional expenses with respect to a trust
shall be payable out of the funds of such trust.

§36-36-6.

(a) The sources of funding to the Alabama Retired
State Employees' Health Care Trust may be: (1) appropriations
made by the Legislature; (2) contributions by employees and
retired employees; (3) employer contributions; (4) investment
income; (5) proceeds of any gifts, grants, or contributions;
(6) transfers from the State Employees' Insurance Fund; and
(7) all other sources permitted by law.
(b) The sources of funding to the Alabama Retired Education Employees' Health Care Trust may be: (1) appropriations made by the Legislature; (2) contributions by employees and retired employees; (3) employer contributions; (4) investment income; (5) proceeds of any gifts, grants, or contributions; (6) transfers from the Public Education Employees' Health Insurance Fund; and (7) all other sources permitted by law.

(c) The agreements creating the trusts shall be irrevocable and the assets of the trusts shall not be expended or disbursed or loaned or transferred or used for any purpose other than to acquire permitted investments, pay administrative expenses, and provide post-employment health care benefits to or for retired employees and their dependents. The Legislature shall have no authority or power to appropriate the assets of the trusts.

(d) During each fiscal year, distributions from a trust to provide post-employment health care benefits to or for retired employees and their dependents shall not exceed 10 percent of the fair market value of the assets of such trust as of the last business day of the immediately preceding fiscal year. No distribution from a trust to provide post-employment health care benefits to or for retired employees and their dependents shall be made during the first fiscal year of the trust.

(e) Notwithstanding the above, as long as such amendment is consistent with the legislative intent of this
chapter, the trustees of the trusts shall have the authority to amend or modify their respective trust: (1) if, in the opinion of counsel for the trustees of the respective trust, it is necessary or otherwise advisable to obtain any material tax advantage or avoid any material adverse tax result; (2) if, in the opinion of the independent accountant for the trustees of the respective trust, it is necessary or otherwise advisable to cause the trust to be considered another post-employment benefits trust in accordance with generally accepted governmental accounting principles, as prescribed by the Governmental Accounting Standards Board or its successor; or (3) if, in response to a petition of the respective trustees of the trust requesting that the trust be amended, a court of competent jurisdiction determines that such amendment is necessary or otherwise advisable to accomplish one or more purposes of this chapter.

(f) The trusts may be terminated by the board only if all state plans or programs providing such post-employment health care benefits for which the trust is established are repealed or terminated and there is no future obligation of the state to provide such post-employment health care benefits. In such event, the then remaining assets of the trust shall revert, in the case of the Alabama Retired State Employees' Health Care Trust, to the State Treasury to and for the credit of the State Employees' Insurance Board and, in the case of the Alabama Retired Education Employees' Health Care
Trust, to the State Treasury to and for the credit of the Public Education Employees' Health Insurance Board.

(g) All assets and income of the trusts shall be exempt from taxation by the state or any political subdivision thereof. Distributions from the trusts will not be taxable income to the retired employees or their dependents. The assets of the trusts will not be subject to the claims of creditors of the state, the boards, trustees, plan administrators, employees, retired employees, or dependents, and will not be subject to execution, attachment, garnishment, the operation of bankruptcy, the insolvency laws, or other process whatsoever, nor shall any assignment thereof be enforceable in any court.

(h) The trusts shall not be deemed to be invalid by reason of any indefiniteness or uncertainty of the persons designated as beneficiaries in the agreements creating the trusts, nor shall they be deemed to be invalid as violating any existing law against perpetuities or against suspension of the power of alienation of title to property or against trusts for the purpose of the accumulation of income; but each trust may continue for such a time as may be necessary to accomplish the purpose for which it was created.

(i) The trustees shall cause the annual financial statements of the trust to be prepared in accordance with generally accepted accounting principles and an audit by a qualified independent certified accounting firm to be conducted of those financial statements of the respective
trust for each fiscal year in accordance with generally
accepted auditing standards.

"§36-36-7.

It is the intent of the Legislature that the state
and the board establish and the trustees operate the trusts
in compliance with the Internal Revenue Code of the United
States of America in a manner which would allow the trusts to
maximize investment earnings while minimizing the costs to the
state and its employees and other citizens of satisfying the
health care post-employment benefits obligation. It is also
the intent of the Legislature that the trusts be operated in a
manner that satisfies the definition of other post-employment
benefits trusts under generally accepted governmental
accounting principles. The trusts shall not be subject to any
provision of a law of the state (or any subdivision thereof)
which conflicts with that legislative intent or would prevent
or unreasonably hinder the accomplishment of the purposes of
this chapter.

"§41-10-725.

The institute shall have the following powers:

(1) To design, implement, and amend a program or
programs to provide for the recruitment of, and the promotion
of training programs and opportunities for, new craft trade
workers for the construction industry and the users of the
construction industry.

(2) To educate the public about career opportunities
as craft trade workers in the construction industry.
(3) To acquire, receive, and take title to, by purchase, gift, lease, license, devise, or otherwise, to hold, keep, improve, maintain, equip, furnish, develop, and to transfer, convey, donate, sell, lease, license, grant options to, assign, or otherwise dispose of property of every kind and character, real, personal, mixed, tangible and intangible, and any and every interest therein, to any person or entity.

(4) To accept gifts, grants, bequests, or devises of money and tangible and intangible property.

(5) To make and alter bylaws, not inconsistent with the provisions of this division or laws of the State of Alabama, for the administration and regulation of the affairs of the institute.

(6) To make, enter into, and execute contracts, agreements, leases, licenses, or other legal arrangements and to take such steps and actions as may be necessary or convenient in the furtherance of any purpose or the exercise of any power provided or granted to it by this section.

(7) To engage in media advertising, marketing, website creation, website design, website maintenance, database creation, database design, database maintenance, data and information collection, and data and information dissemination and distribution, including the dissemination or distribution of data and information on potential construction workforce recruits, to the construction industry, users of the construction industry, and educational institutions, or other
entities, as deemed necessary or appropriate by the institute in its sole discretion.

(8) To conduct surveys, studies, metrics, and other analyses of the construction industry and its potential workforce, and to disseminate or distribute the surveys, studies, metrics, and other analyses of the construction industry and its potential workforce to the construction industry, users of the construction industry, and educational institutions, or other entities, as deemed necessary or appropriate by the institute in its sole discretion.

(9) To incur ancillary costs, project costs, advertising costs, and recruitment costs and to pay these costs out of proceeds of the Recruitment and Training Promotion Fund.

(10) To make application directly or indirectly to any federal, state, county, or municipal government or agency or to any other source, public or private, for grants or other similar financial assistance in furtherance of the institute's purpose and to accept and use the same upon the terms and conditions as are prescribed by the federal, state, county, or municipal government or agency or other source.

(11) To employ and provide for the compensation of an executive director and staff and support personnel according to policies and procedures adopted by the institute. The executive director and the employees of the institute shall not be considered state employees; however, the director and employees may petition the Employees' Retirement System
and the State Public Employees' Health Insurance Board for inclusion in these systems subject to terms and conditions of similarly situated persons who may petition for benefits from these entities. The Employees' Retirement System may elect to provide retirement benefits and the State Public Employees' Health Insurance Board may elect to provide health insurance benefits to the employees of the institute upon petition of the employees and subject to terms and conditions for similarly situated employees of other public entities.

(12) To hire accountants, attorneys, engineers, consultants, and other professionals as the board shall deem necessary for the conduct of the business of the institute.

(13) To provide grants to educational, governmental, nonprofit, community-based, workforce development, economic development, and other organizations and associations engaged in the education, recruitment, training, placement, and professional development of persons engaged in activities leading to the furtherance of careers in commercial and industrial construction in accordance with the purposes of the institute.

(14) To cooperate or partner, or both, with regional and national organizations promoting construction workforce development, including the sharing of non-monetary marketing and educational resources and databases, in furtherance of the purposes of the institute.

(15) To do all things necessary or convenient to carry out the powers and purposes conferred by this section.
(16) To exercise any and all powers permissible under state law not in conflict with the purposes of the institute.

Section 7. Section 36-29-2, Code of Alabama 1975, is hereby repealed.

Section 8. Sections 6 and 7 of this act shall be effective January 1, 2014.

Section 9. All other references in the Code of Alabama 1975 to the State Employees' Insurance Board (SEIB) or the Public Education Employees' Health Insurance Board (PEEHIB) shall be replaced with the Public Employees' Health Insurance Board (PEHIB). All property rights and contractual obligations of the SEIB and the PEEHIB are hereby transferred to the PEHIB as provided by the terms of this act effective 12:01 a.m., January 1, 2014 and thereafter all references to the SEIB and PEEHIB shall mean, and be synonymous with, the PEHIB.

Section 10. 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 11. All laws or parts of laws which conflict with this act are repealed.

Section 12. This act is effective immediately following its passage and approval by the Governor, or its otherwise becoming law.