

1 HB381  
2 138510-4  
3 By Representatives McCutcheon, Hill, Morrow, Galliher, Baker,  
4 Ball, Shiver, Mask, Faust, Brown and Williams (P)  
5 RFD: Ways and Means General Fund  
6 First Read: 21-FEB-12

1 ENGROSSED

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4 A BILL  
5 TO BE ENTITLED  
6 AN ACT  
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8 To amend Section 36-29-19.7 of the Code of Alabama  
9 1975, as amended by Act 2011-698 of the 2011 Regular Session,  
10 relating to the State Employees' Health Insurance Board  
11 retiree contribution based on years of service; to include the  
12 one year of hazardous duty time for every five years as a  
13 correctional officer awarded to each correctional officer  
14 under the Employees' Retirement System or the Teachers'  
15 Retirement System.

16 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

17 Section 1. Section 36-29-19.7 of the Code of Alabama  
18 1975, as amended by Act 2011-698 of the 2011 Regular Session,  
19 is amended to read as follows:

20 "§36-29-19.7.

21 "(a) The board shall set forth the employer  
22 contribution to the health insurance premium for each retiree  
23 class.

24 "(b) For employees who retire other than for  
25 disability after September 30, 2005, but before January 1,  
26 2012, the employer contribution to the health insurance  
27 premium set forth by the board for each retiree class shall be

1 reduced by two percent for each year of service less than 25  
2 and increased by two percent for each year of service over 25,  
3 subject to adjustment by the board for changes in Medicare  
4 premium costs required to be paid by a retiree. In no case  
5 shall the employer contribution of the health insurance  
6 premium exceed 100 percent of the total health insurance  
7 premium cost for the retiree.

8 "(c) (1) Except as provided in subdivision (2), for  
9 employees who retire after December 31, 2011, the employer  
10 contribution to the health insurance premium set forth by the  
11 board for each retiree class shall be reduced by four percent  
12 for each year of creditable coverage less than 25 and  
13 increased by two percent for each year of creditable coverage  
14 over 25, subject to adjustment by the board for changes in  
15 Medicare premium costs required to be paid by a retiree. In no  
16 case shall the employer contribution of the health insurance  
17 premium exceed 100 percent of the total health insurance  
18 premium cost for the retiree.

19 (2) Employees who retire on disability after  
20 December 31, 2011, and apply for Social Security Disability  
21 shall be exempt from this subsection for a period of two years  
22 and thereafter if the employee is approved for Social Security  
23 Disability.

24 "(d) For employees who retire after December 31,  
25 2011, who are not covered by Medicare, regardless of years of  
26 coverage, the employer contribution to the health insurance  
27 premium set forth by the board for each retiree class shall be

1 reduced by a percentage equal to one percent multiplied by the  
2 difference between the Medicare entitlement age and the age of  
3 the employee at the time of retirement as determined by the  
4 board. This reduction in the employer contribution will cease  
5 upon notification to the board of the attainment of Medicare  
6 coverage.

7 "(e) No later than October 1, 2016, the net employer  
8 contribution to the health insurance premium for employees who  
9 retire after December 31, 2011, without Medicare coverage  
10 shall not exceed the amount of the employer contribution to  
11 cover the cost of an active employee.

12 "(f) For an employee who has elected to participate  
13 in the Deferred Retirement Option Plan (DROP) as defined under  
14 Sections 16-25-150 and 36-27-170, the date participant entered  
15 DROP is his or her retirement date for purposes of Act  
16 2011-698 only, provided that the DROP participant: (1) Does  
17 not voluntarily terminate participation in DROP within the  
18 first three years; and (2) withdraws from service at the end  
19 of DROP participation period.

20 "(g) Notwithstanding the provisions of subsection  
21 (a), the calculation of the employer contribution for  
22 correction officers, retiring after December 31, 2012, shall  
23 include credit for any hazardous duty time awarded under the  
24 Employees' Retirement System or the Teachers' Retirement  
25 System pursuant to subdivision (1) of subsection (b) of  
26 Section 36-27-59, provided that the agency from which a  
27 correctional officer retires shall reimburse the board for the

1 cost of any credited hazardous duty time under such terms and  
2 conditions as determined by the board."

3 Section 2. This act shall become effective on the  
4 first day of the third month following its passage and  
5 approval by the Governor, or its otherwise becoming law.

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House of Representatives

Read for the first time and re-  
ferred to the House of Representa-  
tives committee on Ways and Means  
General Fund..... . . . . 21-FEB-12

Read for the second time and placed  
on the calendar with 1 substitute  
and..... . . . . 22-MAR-12

Read for the third time and passed  
as amended..... . . . . 12-APR-12

Yeas 95, Nays 0, Abstains 0

Greg Pappas  
Clerk