

1 HB177
2 181269-1
3 By Representatives Pettus, Hanes, Mooney, Greer, Fridy,
4 Patterson and Williams (JW)
5 RFD: Ways and Means Education
6 First Read: 09-FEB-17

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8 SYNOPSIS: Under existing law, the State Employees'
9 Health Insurance Plan and the Public Education
10 Employees' Health Insurance Plan are governed by
11 the State Employees' Insurance Board (SEIB) and the
12 Public Education Employees' Health Insurance Board
13 (PEEHIB), respectively.

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

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

22 This bill would provide that all references
23 to the State Employees' Insurance Board and the
24 Public Education Employees' Health Insurance Board
25 in state law be amended to reference the Public
26 Employees' Health Insurance Board.

1 This bill would allow the new Public
2 Employees' Health Insurance Board to combine the
3 State Employees' Health Insurance Plan and the
4 Public Education Employees' Health Insurance Plan.

5 This bill would revise the membership of the
6 Public Education Flexible Employees Benefits Board,
7 the Health Care Data Advisory Council, and the
8 Alabama Prescription Cost Initiative Board to add
9 members of the Public Employees' Health Insurance
10 Board and to remove members of the State Employees'
11 Insurance Board and the Public Education Employees'
12 Health Insurance Board.

13 This bill would revise the Alabama Retired
14 Education Employees' Health Care Trust and Alabama
15 Retired State Employees' Health Care Trust to
16 provide for governance by the Public Employees'
17 Health Insurance Board.

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19 A BILL
20 TO BE ENTITLED
21 AN ACT
22

23 To establish the Public Employees' Health Insurance
24 Board to govern the State Employees' Health Insurance Plan and
25 the Public Education Employees' Health Insurance Plan,
26 currently governed by the State Employees' Insurance Board and
27 the Public Education Employees' Health Insurance Board,

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

1 Education Employees' Health Insurance Board; to revise the
2 Alabama Retired Education Employees' Health Care Trust and
3 Alabama Retired State Employees' Health Care Trust to provide
4 for governance by the Public Employees' Health Insurance
5 Board; and to repeal Section 36-29-2, Code of Alabama 1975,
6 relating to the State Employees' Insurance Board.

7 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

8 Section 1. There is hereby created the Public
9 Employees' Health Insurance Board (PEHIB), hereafter referred
10 to in this act as the board. The board is established as the
11 governing body of the health insurance plans defined in Title
12 16, Chapter 25A and Title 36, Chapter 29, Code of Alabama
13 1975. The board shall have the authority and responsibility to
14 provide for the general administration and proper operation of
15 these plans.

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

18 (1) The State Superintendent of Education, or his or
19 her designee.

20 (2) The State Director of Finance, or his or her
21 designee.

22 (3) The State Health Officer, or his or her
23 designee.

24 (4) The State Personnel Director, or his or her
25 designee.

26 (5) The Secretary-Treasurer of the Employees'
27 Retirement System, or his or her designee.

1 (6) One person appointed by the Governor, whose term
2 shall expire November 1, 2019.

3 (7) One person appointed by the Lieutenant Governor,
4 whose term shall expire November 1, 2019.

5 (8) One person appointed by the President Pro
6 Tempore of the Senate, whose term shall expire November 1,
7 2020.

8 (9) One person appointed by the Speaker of the House
9 of Representatives, whose term shall expire November 1, 2020.

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

14 (11) A retired employee of the state covered by the
15 State Employees' Health Insurance Plan and elected to the
16 board by the retired state employees receiving benefits of the
17 plan.

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

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

25 (b) The officers named on the effective date of this
26 act shall fill the ex officio positions on the board, and

1 their successors in office, by virtue of assuming such office,
2 shall succeed to membership on the board.

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

8 (d) The appointed board members shall also possess a
9 knowledge and understanding of health care, insurance, or
10 employee benefits.

11 (e) The public employee representative board members
12 shall be elected by a statewide election conducted under the
13 supervision and direction of the board. These board members
14 shall be elected by a majority vote of those participating in
15 such election. Each of these board members shall be elected to
16 a four-year term. The board may establish rules to govern such
17 elections and ensure that all eligible active and retired
18 employees are afforded the opportunity to vote. The terms of
19 these board members shall begin after they have qualified and
20 taken the oath of office.

21 (f) Each board member, within 10 days after his or
22 her appointment or election to the board, shall take an oath
23 of office that, so far as it devolves on him or her, he or she
24 will diligently and honestly administer the affairs of the
25 board herein established, and that he or she will not
26 knowingly violate, or willingly permit to be violated, any of
27 the provisions of law applicable to the Public Education

1 Employees' Health Insurance Plan or the State Employees'
2 Health Insurance Plan. Such oath shall be subscribed to by the
3 member making it, certified by the officer before whom it is
4 taken, and immediately filed in the office of the Secretary of
5 State.

6 (g) The appointing authorities shall coordinate
7 their appointments to assure the board membership is inclusive
8 and reflects the racial, gender, geographic, urban, rural, and
9 economic diversity of the state.

10 Section 3. (a) Each board member shall be entitled
11 to one vote on the board. A majority of the board shall
12 constitute a quorum for the transaction of business. A
13 majority vote shall be necessary for a decision by the board.
14 In case of a tie vote, the decision shall fail. All meetings
15 of the board shall be conducted in accordance with Robert's
16 Rules of Order, as most recently revised.

17 (b) The board shall elect from its members a chair
18 by a majority vote.

19 (c) The board members shall serve without
20 compensation for their services as board members, but they
21 shall be reimbursed from the board's funds for all necessary
22 expenses that they may incur through service on the board.

23 (d) The board shall keep a record of all of its
24 proceedings which shall be open to public inspection and shall
25 be subject to the Alabama Open Meetings Act.

26 Section 4. The board is vested with all powers
27 relating to the operation and administration of health

1 insurance plans, as listed in Title 16, Chapter 25A and Title
2 36, Chapter 29, Code of Alabama 1975, including Sections
3 16-25A-5 and 36-29-4, respectively, as well as those powers
4 established in this act.

5 Section 5. (a) The current boards governing the
6 State Employees' Health Insurance Plan and the Public
7 Education Employees' Health Insurance Plan shall remain in
8 effect until January 1, 2018, whereupon the Public Employees'
9 Health Insurance Board, as created in this act, shall assume
10 all duties and responsibilities of the governance and
11 administration of the plans.

12 (b) Prior to January 1, 2018, the ex officio and
13 appointed members of the board created by this act shall meet
14 to provide for the election of the public employee
15 representative members. The ex officio and appointed members
16 shall also determine the date of the board's first meeting to
17 be held on or after January 1, 2018.

18 (c) Except as provided in subsections (a) and (b),
19 the members of the board created by this act may not exercise
20 any action under the authority of the board created by this
21 act prior to January 1, 2018.

22 Section 6. Sections 9-10A-20, 11-91-8, 11-91A-1,
23 11-91A-2, 11-91A-4, 11-91A-5, 11-91A-6, 11-91A-7, 12-5A-9,
24 16-13-231, 16-25A-1, 16-25A-2, 16-25A-2.1, 16-25A-3, 16-25A-7,
25 16-25A-8, 16-25A-15, 16-25A-16, 16-25A-17, 16-25A-42,
26 22-11A-118, 36-1-6.2, 36-27-6.4, 36-29-1, 36-29-3, 36-29-5,
27 36-29-6, 36-29-13, 36-29-14, 36-29-14.1, 36-29-15, 36-29-17,

1 36-29-18, 36-29-19.9, 36-29A-2, 36-34-2, 36-35-3, 36-36-1,
2 36-36-3, 36-36-4, 36-36-5, 36-36-6, 36-36-7, and 41-10-725,
3 Code of Alabama 1975, are hereby amended to read as follows:

4 "§9-10A-20.

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

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

16 "§11-91-8.

17 "The governing body of any county, municipality, or
18 a public agency which is an employer participating in the
19 Employees' Retirement System pursuant to Section 36-27-6, or
20 in the local government health insurance program of the ~~State~~
21 Public Employees' Health Insurance Board may, upon a majority
22 vote of its members, elect to allow the retired employees of
23 such a county, municipality, or public agency to participate
24 in any health, hospitalization, surgical, or medical insurance
25 program made available to regular employees, or any related
26 health program for retirees selected by the governing body
27 including the local government health program offered by the

1 ~~State~~ Public Employees' Health Insurance Board. Such a county,
2 municipality, or public agency may pay all, or any part, or
3 none of the cost thereof or the premiums thereon for current
4 or future retirees from any funds in the county, municipal, or
5 public agency treasury not otherwise appropriated.

6 "§11-91A-1.

7 "For the purpose of this chapter, the following
8 words have the following meanings:

9 "(1) BOARD. The Local Government Health Insurance
10 Board established in this chapter.

11 "(2) PROGRAM. The Local Government Health Insurance
12 Program as provided by the ~~State~~ Public Employees' Health
13 Insurance Board prior to April 9, 2014, and as transferred and
14 further provided for pursuant to this chapter.

15 "§11-91A-2.

16 "(a) The Local Government Health Insurance Board
17 shall govern and administer the Local Government Health
18 Insurance Program currently governed and administered by the
19 ~~State~~ Public Employees' Health Insurance Board ~~(SEIB)~~ pursuant
20 to Chapter 29 of Title 36. The transfer of the governance and
21 administration to the board shall take effect at 12:01 a.m. on
22 January 1, 2015, and thereafter the board shall take all
23 control and responsibility for the program under procedures
24 and authority set out in this chapter.

25 "(b) The program governed and administered by the
26 board shall provide a reasonable relationship between the
27 health care benefits to be included and the expected health

1 care expenses to be incurred by affected employees, retirees,
2 and their dependents. The board may establish a fully insured
3 or self-insured health care plan for employees and retirees as
4 defined in this chapter and may adopt and promulgate rules for
5 the administration of the program. The program shall include
6 appropriate controls to provide reasonable assurance of its
7 stability in future years, which may include, but are not
8 limited to, deductibles, copayments, coinsurance, and other
9 cost containment measures such as medical management,
10 utilization review, wellness initiatives, and case management
11 for the purpose of making the benefit plan more cost
12 effective.

13 "(c) Except as otherwise provided herein, the
14 program shall be funded solely from contributions of the
15 employer participants of the program and shall not receive any
16 funding from the state. The governing bodies of entities
17 participating in the program (hereinafter "employer
18 participants") are authorized to make appropriations to the
19 board as necessary for the proper administration of the
20 program including the payment of premiums as provided in this
21 chapter or under rules and regulations promulgated by the
22 board.

23 "(d) Notwithstanding the provisions of Section
24 36-29-14, the following entities and organizations shall be
25 employer participants in the program:

26 "(1) All entities and organizations which are active
27 participants in good standing in the Local Government Health

1 Insurance Program governed and administered by ~~SEIB~~ the board
2 immediately prior to 12:01 a.m. on January 1, 2015.

3 "(2) Subject to acceptance by the board, any of the
4 following entities or organizations not already employer
5 participants in the program pursuant to subdivision (1) which
6 by resolution legally conforming to rules prescribed by the
7 board elects to have its elected officials, full-time
8 employees, and retired employees become eligible for health
9 care coverage under the program: Any county, any municipality,
10 any municipal foundation, any fire or water district,
11 authority, or cooperative, any regional planning and
12 development commission established pursuant to Sections
13 11-85-50 through 11-85-73; the Association of County
14 Commissions of Alabama; the Alabama League of Municipalities;
15 the Alabama Retired State Employees' Association; the Alabama
16 State Employees Credit Union; Easter Seals Alabama; Alabama
17 State University; the Alabama Rural Water Association; Rainbow
18 Omega, Incorporated; The Arc of Alabama, Incorporated, and any
19 of the affiliated local chapters of The Arc of Alabama,
20 Incorporated; United Ways of Alabama and its member United
21 Ways; any railroad authority organized pursuant to Chapter 13
22 of Title 37; or any solid waste disposal authority organized
23 pursuant to Chapter 89A of Title 11.

24 "(e) The agreement of an employer participant to
25 have its full-time employees, elected officials, retirees, and
26 dependents covered under the program may be revoked only if
27 the employer participant, by resolution of its governing body,

1 signifies its intention and desire to withdraw from the
2 program. Any resolution to withdraw shall be delivered to the
3 board by certified mail no later than six months prior to the
4 effective date of withdrawal. Any employer participant that
5 withdraws from participation in the program shall be
6 responsible for paying any claims incurred prior to the date
7 of withdrawal that are not reported and paid by the date of
8 withdrawal and, on and after the date of withdrawal, shall be
9 liable for interest accrued at a rate of one and one-half
10 percent per month on any monies due the board which are over
11 30 days past due.

12 "(f) Any organization that provides or administers
13 health care benefits through or on behalf of the board shall
14 not provide or administer health care benefits to any entity
15 that withdraws from the program for a period of two years from
16 the effective date of withdrawal.

17 "(g) The board shall promulgate rules as may be
18 necessary for the effective administration of this section.

19 "§11-91A-4.

20 "(a) Notwithstanding the provisions of Section
21 36-29-14, the board shall have exclusive responsibility and
22 control over the program as of 12:01 a.m. on January 1, 2015.
23 In order to make proper preparation to assume all
24 responsibility and control for the program effective at 12:01
25 a.m. on January 1, 2015, the board shall be in place no later
26 than September 1, 2014, and shall hold its organizational
27 meeting no later than October 1, 2014. The ~~SEHB~~ Public

1 Employees' Health Insurance Board shall be responsible for
2 setting and conducting the initial board elections required
3 under subsection (c) and for ensuring that all appointing
4 authorities for board appointments as set out in subsection
5 (c) are notified of appointments to be made pursuant to this
6 chapter. In order to ensure that all board members are
7 appointed or elected no later than September 1, 2014, all
8 appointments shall be made and all elections conducted no
9 later than August 15, 2014. All elections held after January
10 1, 2015, shall be conducted by the chief executive officer of
11 the board under rules promulgated by the board.

12 "(b) The board shall consist of members appointed or
13 elected as set out in subsection (c) who shall serve a
14 three-year term expiring on December 31 of the third year;
15 provided that, in order to establish staggered terms for board
16 members, the initial terms of office for board members shall
17 be as set out in subsection (c). All members of the board may
18 be re-elected or re-appointed to successive terms.

19 "(c) The membership of the board shall consist of
20 the following:

21 "(1) Three members who are representatives of
22 municipal government from municipal employer participants
23 appointed by the Alabama League of Municipalities. Initial
24 appointments shall be for staggered terms with one member
25 appointed to an initial term expiring on December 31, 2015;
26 one member appointed to an initial term expiring on December

1 31, 2016; and one member appointed to an initial term expiring
2 on December 31, 2017.

3 "(2) Three members who are representatives of county
4 government from county employer participants appointed by the
5 Association of County Commissions of Alabama. Initial
6 appointments shall be for staggered terms with one member
7 appointed to an initial term expiring on December 31, 2015;
8 one member appointed to an initial term expiring on December
9 31, 2016; and one member appointed to an initial term expiring
10 on December 31, 2017.

11 "(3) One member who is a retired employee
12 participating in the program appointed by the Alabama Retired
13 Employees' Association. The member appointed pursuant to this
14 subdivision shall serve a three-year term, provided that the
15 retiree first appointed shall serve an initial term expiring
16 on December 31, 2015.

17 "(4) One member who is an active full-time employee
18 of municipal or county government with at least 10 years of
19 creditable coverage in the program who is elected by the
20 full-time employees of municipalities and counties
21 participating in the program pursuant to procedures set out in
22 subsection (a). The member elected pursuant to this
23 subdivision shall serve a three-year term, provided that the
24 member first elected shall serve an initial term expiring on
25 December 31, 2016.

26 "(5) One member who is either an active full-time
27 employee of an employer participant that is not a county or

1 municipality with at least 10 years of creditable coverage in
2 the program or a retiree participating in the program. This
3 member shall be elected by active full-time employees of an
4 employer participant that is not a county or municipality and
5 retirees participating in the program pursuant to procedures
6 set out in subsection (a). The member elected pursuant to this
7 subdivision shall serve a three-year term, with the initial
8 term of the member first elected expiring on December 31,
9 2017.

10 "(d) Any vacancy of an elected board member prior to
11 the expiration of his or her term shall be filled for the
12 remainder of the term by special election provided there are
13 at least 12 months remaining in the term. The special election
14 shall be conducted by the chief executive officer of the board
15 under rules and regulations promulgated by the board. Any
16 vacancy of an appointed board member shall be filled by the
17 original appointing authority for the remainder of the
18 unexpired term.

19 "§11-91A-5.

20 "(a) The organizational meeting of the board shall
21 be set no later than October 1, 2014, by the Chief Executive
22 Officer of the ~~SEIB~~ Public Employees' Health Insurance Board.
23 The first order of business at the organizational meeting
24 shall be the election of a chair and vice chair by majority
25 vote of the membership of the board. The Chief Executive
26 Officer of the ~~SEIB~~ board shall call the meeting to order and
27 preside only until the chair and vice chair are elected.

1 Thereafter, the board shall annually elect a chair and vice
2 chair by majority vote of the membership of the board,
3 provided that any chair or vice chair may be re-elected and
4 serve successive terms as chair or vice chair.

5 "(b) A majority of the members of the board shall
6 constitute a quorum for the transaction of business and each
7 member shall be entitled to one vote on all matters. Except
8 where otherwise provided, a majority vote of the board members
9 present shall be necessary for a decision by the board. The
10 board shall keep a record of all of its proceedings which
11 shall be open to public inspection and shall at all times
12 comply with Alabama's Open Meetings Law, Chapter 25A of Title
13 36.

14 "(c) Board members shall serve without compensation
15 for their services, but shall be reimbursed from the program
16 for all necessary expenses that they may incur through service
17 on the board.

18 "(d) The board shall be a state agency and shall
19 constitute a body corporate for the purpose of providing for
20 and participating in the management of the program. The board
21 shall have all powers and privileges of a corporation and may
22 enforce all existing rights and claims, and hold its cash and
23 securities and other property in trust for the purpose for
24 which received; provided, however, the board, its officers,
25 and its employees shall be immune from suit to the same extent
26 as the state, its agencies, officers, and employees.

1 "(e) The board shall be exempt from payment of all
2 fees and all taxes levied by the State of Alabama or any of
3 its subdivisions.

4 "§11-91A-6.

5 "(a) Except as otherwise provided in this chapter,
6 the ~~SEIB~~ Public Employees' Health Insurance Board shall
7 provide for the administration of the program as provided in
8 Chapter 29 of Title 36, until the transfer of the governance
9 and administration of the program takes place as provided
10 herein. Effective at 12:01 a.m. on January 1, 2015, all
11 property rights and contractual obligations of the ~~SEIB~~ board
12 related to the administration and governance of the program
13 shall be transferred to the board. The ~~SEIB~~ board and its
14 employees shall fully cooperate with the board in the transfer
15 of the governance and administration of the program both prior
16 to and after January 1, 2015, including, but not limited to,
17 providing the board with all the software necessary to
18 properly administer the program beginning on January 1, 2015.
19 Additionally, in order to affect an orderly transfer, the
20 administrator of the ~~SEIB~~ board shall serve as the chief
21 executive officer of the board for a period of not less than
22 18 months beginning on January 1, 2015, and may thereafter be
23 retained as chief executive officer as provided in subsection
24 (h) of Section 11-91A-7.

25 "(b) The board shall compensate the ~~SEIB~~ board for
26 the cost of any software or other property transferred from
27 the ~~SEIB~~ board based upon the fair market value of such

1 software or other property at the time of transfer determined
2 by mutual agreement.

3 "(c) Any contracts executed between the ~~SEIB~~ board
4 and a contractor may be assigned to the board upon mutual
5 consent of all parties.

6 "§11-91A-7.

7 "The board shall have full, complete, and exclusive
8 jurisdiction over the program and shall allocate funds from
9 its treasury for the fulfillment and accomplishment of its
10 duties and responsibilities in a manner as may be necessary
11 and appropriate to carry out the purposes of this chapter. The
12 board shall have the general powers and authority granted
13 under the laws of this state for health insurers, and in
14 addition thereto, the specific authority to do all of the
15 following:

16 "(a) Subject to compliance with Section 11-91A-8
17 where applicable, execute a contract or contracts to provide
18 for the administration of the program in accordance with this
19 chapter. The contract or contracts may be executed with one or
20 more agencies or corporations licensed to transact or
21 administer group health care business in this state with
22 similar plans of the state for the joint performance of common
23 administrative functions.

24 "(b) Establish, and modify from time to time as
25 appropriate, rates, rate schedules, rate adjustments, expense
26 allowances, claim reserve formulas, and any other actuarial
27 function necessary and appropriate for the operation of the

1 program. Rates and rate schedules may be adjusted for
2 appropriate factors such as age, family size, smokers and
3 users of tobacco products, preventive care and wellness care
4 participation, and any such other categories of risk that the
5 board shall approve.

6 "(c) Appoint appropriate legal, actuarial, and other
7 committees as necessary to provide technical or program
8 assistance to the board.

9 "(d) Establish and maintain at a lawful depository
10 or depositories in the State of Alabama as it shall select a
11 Local Government Health Insurance Fund, composed of the money
12 or moneys which may come into its hands from premiums, fees,
13 assessments, grants, loans, or other sources, either public or
14 private. The funds shall be used by the board to pay the
15 administrative expenses of the board, pay medical claims costs
16 of the program, and maintain a reserve fund. No moneys
17 received or held by the board shall be co-mingled with any
18 other funds of the state or any governmental entity.

19 "(e) Borrow money to effect the purposes of this
20 chapter as determined appropriate by the board.

21 "(f) Take legal action as necessary, including, but
22 not limited to, bringing action to do any of the following:

23 "(1) Recover premiums, fees, assessments, and
24 penalties due the board.

25 "(2) Avoid the payment of improper claims against
26 the board or the coverage provided by or through the board.

1 "(3) Recover any amounts erroneously or improperly
2 paid by the board.

3 "(4) Recover any amounts paid by the board as a
4 result of mistake of fact or law.

5 "(5) Recover other amounts due the board.

6 "(g) Promulgate rules concerning the selection of
7 benefits offered and any other matters which in the opinion of
8 the board may be required for the effective administration of
9 this chapter.

10 "(h) Subject to subsection (a) of Section 11-91A-6,
11 employ or otherwise appoint a chief executive officer to serve
12 as manager of the program under the direction and supervision
13 of the board and as required under this chapter. The board may
14 appoint the chief executive officer of the ~~SEIB~~ Public
15 Employees' Health Insurance Board to continue as chief
16 executive officer after the initial 18 months of service as
17 provided in subsection (a) of Section 11-91A-6 upon mutual
18 consent of the board and the ~~SEIB~~ board.

19 "(i) Employ and fix the compensation of employees,
20 consultants, actuaries, and other personnel as may be
21 necessary for carrying out the purposes and provisions of this
22 chapter. All compensation shall be paid from the funds of the
23 board. Employees of the board shall not be subject to the
24 state Merit System Act; provided, however, the board shall
25 offer its employees benefits equivalent to those offered to
26 employees of the State of Alabama, including retirement,
27 medical and dental care, and workers' compensation plans. The

1 employees of the board are eligible and may elect to
2 participate in the state health care plan under Chapter 29 of
3 Title 36, and in the State Employees' Retirement System under
4 Chapter 27 of Title 36.

5 "(j) Acquire property by purchase or lease.

6 "(k) Provide for reinsurance of risks incurred by
7 the program.

8 "(l) Issue additional types of health care policies
9 to provide optional coverage.

10 "(m) Adopt bylaws, policies, and procedures as may
11 be necessary or convenient for the implementation of this
12 chapter and the operations of the program.

13 "§12-5A-9.

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

23 "(b) Eligible employees included in the state court
24 system personnel system pursuant to this chapter shall, on
25 October 1 of the year their county transitions, be covered by
26 the Employees' Retirement System. An employee who on that date
27 is participating in a local retirement plan other than a unit

1 administered by the Employees' Retirement System may, by
2 written notice filed with both the Administrative Director of
3 Courts and the administrator of the local retirement plan
4 within 30 days prior to the date the employee joins the state
5 court system personnel system, elect to retain instead
6 membership in the local retirement plan. Upon election of an
7 employee and notice from the local retirement program of the
8 employer retirement contribution rate attributable to the
9 employee, the Administrative Director of Courts shall pay to
10 the local retirement plan the employer contribution for any
11 employee electing to retain local plan membership. The
12 employer contribution paid by the state to the local
13 retirement plan shall not exceed the employer contribution
14 paid by the state for eligible members transferring to the
15 Employees' Retirement System. The county shall pay into the
16 local plan any additional amount necessary to fully fund the
17 employer contribution pursuant to the local retirement plan.

18 "(1) Eligible employees who have participated in
19 retirement programs with units of local government, whether or
20 not the local programs have utilized the state employees'
21 retirement plan to administer the funding of the plans, shall
22 receive credit for prior service for which they have been
23 given credit under the local retirement programs. When an
24 eligible employee joins the Employees' Retirement System, the
25 total of all employer and employee contributions plus any
26 other amounts, including, but not limited to, interest
27 attributable to the account of the employee to which the

1 employee would have had the right to receive upon withdrawal
2 from the local retirement program, shall be transferred
3 immediately into the Employees' Retirement Fund on account of
4 the employee under the same rules and regulations applicable
5 to other members of the Employees' Retirement System on the
6 date the employee joins the Employees' Retirement System.
7 Amounts transferred shall not exceed the amount that would
8 have been received on behalf of the employee had the employee
9 been participating in the Employees' Retirement System for the
10 length of his or her creditable service. Any contribution
11 represented by annuities purchased by or through the previous
12 employer on account of the employment therewith of any
13 eligible employee and for his or her individual benefit shall
14 be immediately cashed out and the proceeds transferred along
15 with any other regular contributions to the Employees'
16 Retirement System.

17 "(2) Eligible employees who have participated in
18 unfunded local retirement programs or who have not
19 participated in retirement programs with units of local
20 government shall be granted prior service credit by the
21 Employees' Retirement System, based on length of previous
22 service in any position in juvenile probation services covered
23 by this chapter, to a maximum of five years. The
24 Secretary-Treasurer of the Employees' Retirement System shall
25 authorize and direct the Comptroller to pay from the Juvenile
26 Probation Services Fund the cost of granting prior service
27 credit in the amounts determined to be necessary, and the

1 Comptroller shall pay those amounts as necessary for both
2 employer and employee contributions into the Employees'
3 Retirement Fund on account of the eligible employee under the
4 same rules and regulations applicable to other members of the
5 Employees' Retirement System. In addition to the five-year
6 prior service credit described above, any eligible employee
7 may purchase prior service credit in any position covered by
8 this chapter, not to exceed actual years served, by direct
9 payment to the Employees' Retirement System, within one year
10 after October 1 of the year of transition in an amount as
11 determined to be necessary by the Employees' Retirement System
12 for the prior service credit desired.

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

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

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

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

26 "(3) It shall be the responsibility of each county
27 commission to certify to the personnel division of the

1 Administrative Office of Courts, for eligible employees
2 covered by this chapter, their total service through September
3 30 of the year prior to transition. For eligible employees in
4 counties maintaining a formal leave accounting system, each
5 county shall certify the employee's total service with the
6 county. For eligible employees in counties without a formal
7 leave accounting system, certification shall include only the
8 dates of employment in any position covered by this chapter.
9 An employee's leave accumulation rate shall then be
10 established based on such service, and he or she shall begin
11 earning leave on October 1 of the year of transition, in
12 accordance with the rules and regulations applicable to other
13 employees in the state court system personnel system.

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

16 "(d) On October 1 of the year of transition, all
17 employees covered by this chapter and any future employees
18 occupying positions covered by this chapter shall be included
19 in the health insurance plan for employees of the State of
20 Alabama under the same rules and regulations applicable to
21 other employees covered by that plan. Any waiting periods
22 applicable to coverage that would otherwise be applicable to
23 an employee joining the state's service are specifically
24 waived for employees covered by this chapter who have at least
25 nine months service prior to transition and provided further
26 that upon receipt of proof at least 30 days prior to October 1
27 of the year of transition, from any covered employee that his

1 or her family health insurance coverage was furnished as a
2 supplemental benefit to his or her employment immediately
3 prior to his or her inclusion in the state court system
4 personnel system, the Administrative Director of Courts shall
5 pay the cost of family coverage under the state health plan
6 for the individual. In lieu of coverage in the health
7 insurance plan for state employees as provided herein, any
8 employee covered by this chapter may elect instead to continue
9 to participate in the insurance program provided to the
10 employees of the local governmental unit. Notice of election
11 shall be filed by the individual both with the Administrative
12 Director of Courts and the local governmental unit providing
13 the coverage at least 30 days prior to the date the employee
14 joins the state court system personnel system. Upon receiving
15 notification, the state shall reimburse the local governmental
16 unit for the cost of providing this insurance coverage to the
17 employee. Should conditions cause this local governmental unit
18 to alter or discontinue the insurance coverage offered to its
19 employees after the transition date, any employee covered by
20 this chapter electing to participate in the local governmental
21 health insurance program shall be treated as any other
22 employee of the local governmental unit. If any alterations in
23 coverage made by the local governing body are unacceptable to
24 the employee covered by this chapter electing to participate
25 in the local insurance program, the Administrative Director of
26 Courts may take all reasonable action necessary to procure the
27 same or substantially the same coverage in substantially the

1 same amounts as was in effect on January 1 of the year of
2 transition. In any instance where the Administrative Director
3 of Courts is unable to procure the same or substantially the
4 same coverage as herein provided, he or she shall notify the
5 employee who shall then be included in the health insurance
6 plan for employees of the State of Alabama under the same
7 provisions as applicable to employees covered by this chapter
8 who joined the plan on October 1 of the year of transition.
9 Any covered employee who elects to retain coverage under any
10 local insurance program as provided herein, may, during any
11 period of open enrollment as specified by the ~~State~~ Public
12 Employees' Health Insurance Board, elect to come under the
13 State Employees' Health Insurance Plan in lieu of any local
14 insurance program. The election shall be made in accordance
15 with any procedure prescribed by the ~~State~~ Public Employees'
16 Health Insurance Board, with a written copy of the notice
17 being filed with the Administrative Director of Courts. All
18 waiting periods applicable to coverage that would otherwise
19 apply to other employees joining the state service or their
20 dependents, shall also apply to any person making an election
21 under this subsection. All questions regarding coverage under
22 the health insurance plan for employees of the State of
23 Alabama as provided in this chapter shall be directed to the
24 ~~State~~ Public Employees' Health Insurance Board for its
25 determination.

26 "§16-13-231.

1 "(a) In addition to all other appropriations and
2 apportionments of public school money now provided by law and
3 made available for public schools there shall be apportioned
4 and paid to local boards of education from the Foundation
5 Program Fund, the amounts to be determined as hereinafter
6 provided and in accordance with regulations of the State Board
7 of Education. This Foundation Program Fund shall be used
8 principally:

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

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

15 " (b) The following requirements and procedures,
16 supplemented when necessary by regulations of the State Board
17 of Education, shall govern the apportionment of the fund:

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

23 "a. The appropriate local governing body must insure
24 that the local board of education within its jurisdiction is
25 receiving an amount of local tax receipts equivalent to ten
26 mills of school tax as computed from the most current assessed
27 valuation of property which comprises the school tax district

1 or districts of the local board of education. The State
2 Superintendent of Education shall determine compliance with
3 this provision of the law in accordance with rules or
4 procedures adopted by the State Board of Education. In
5 determining compliance for a county board of education, tax
6 revenues provided to the county board of education from the
7 county, from whatever tax source derived, shall be considered.
8 In determining compliance for a city board of education, tax
9 revenues provided to the city board of education by the county
10 and the city, from whatever tax source derived, shall be
11 considered.

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

16 "c.1. The local board of education shall provide a
17 school term of at least 180 full instructional days, or the
18 hourly equivalent of no less than 1080 instructional hours.
19 The local academic school calendar shall be annually
20 established by the local board of education, within the
21 parameters of subparagraph 3. In case the local board of
22 education fails to operate any schools the minimum 180 full
23 instructional day term, or the hourly equivalent thereof, or
24 the minimum term as defined by the State Board of Education,
25 the Foundation Program allowances of the local board of
26 education shall be computed only for the actual period the
27 schools are in session that school year.

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

15 "3. The local board of education, in providing the
16 minimum required number of instructional days or hours, shall
17 have greater flexibility in establishing the school calendar
18 by adjusting the days or extending the hours of actual
19 teaching or instructional time provided on specified
20 instructional days for the schools under the jurisdiction of
21 the local board. The academic school calendar, established by
22 the local board of education, shall include the minimum
23 required number of instructional days or hours.

24 "d. The local board of education shall expend funds
25 for teachers' salaries in accordance with a salary schedule
26 adopted by the local board of education and approved by the
27 State Superintendent of Education. The salary schedule shall

1 be at least 100 percent of those salary amounts specified in
2 the State Minimum Salary Schedule by cell.

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

15 "e. The local board of education shall submit to the
16 State Superintendent of Education, under the regulations of
17 the State Board of Education, the following:

18 "1. A proposed building program which sets out in
19 detail the location of all present and proposed buildings;
20 which indicates proposed educational centers and grades to be
21 taught at these centers and which provides schools for all
22 children of the local board of education.

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

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

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

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

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

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

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

21 "(2) DETERMINING COST OF FOUNDATION PROGRAM. In
22 determining the cost of the Foundation Program, the
23 Legislature, based on the recommendation of the State Board of
24 Education, shall proceed to find the following allowable costs
25 for each local board of education: Teachers' salaries, fringe
26 benefits, classroom instructional support, and other current
27 expense. The rate per employee set by the Legislature for

1 teachers' retirement and employees' health insurance shall be
2 in effect for the entire fiscal year and shall not be
3 increased by the Teachers' Retirement System or the Public
4 Education Employees' Health Insurance Board, except by further
5 action of the Legislature.

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

22 "b. The Foundation Program allowance for fringe
23 benefits shall be determined by multiplying a uniform
24 percentage times the amount of teachers' salaries allowed in
25 paragraph a. above or by multiplying a fixed rate depending on
26 the type of fringe benefit. The fringe benefits allowances
27 shall include amounts for the employer's contribution for

1 teachers' retirement, health insurance, Social Security,
2 Medicare, unemployment compensation, personal leave, and sick
3 leave. The fringe benefits allowance may include allowances
4 for other fringe benefits as may be approved by the State
5 Legislature. The State Legislature shall seek the input and
6 advice of appropriate agencies and individuals in setting
7 allowances. The Teachers' Retirement System and the Public
8 Education Employees' Health Insurance Board shall recommend to
9 the Legislature, on or before the first legislative day of
10 each regular session of the Legislature, the rate for the
11 following fiscal year. The Legislature shall set the rate in
12 the annual appropriation bill.

13 "c. The Foundation Program allowance for classroom
14 instructional support shall be determined by multiplying a
15 uniform amount times the number of teacher units allowed in
16 Section 16-13-232. The uniform amount shall include allowances
17 for library enhancement, classroom materials and supplies,
18 professional development, and technology. The library
19 enhancement appropriation shall be for K-12 Public School
20 Library/Media Centers and is an absolute appropriation. Other
21 expenditures may include book binding, repair, CD Roms,
22 computer software, computer equipment, cataloging,
23 audio-visual materials, newspapers, magazines, recordings, and
24 video tapes. The uniform amount may include allowances for
25 other classroom instructional support as may be approved by
26 the State Board of Education. The Foundation Program allowance
27 for classroom instructional support shall also include an

1 allowance for textbooks which shall be determined on a per
2 pupil basis. The number of pupils shall be determined by the
3 number of pupils in average daily membership during the first
4 20 scholastic days after Labor Day of the preceding school
5 year. The State Board of Education shall recommend to the
6 Governor the amount for each cost factor included in classroom
7 instructional support on or before December 1 of the current
8 fiscal year for the ensuing fiscal year.

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

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

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

1 cost of the Foundation Program for teachers' salaries shall be
2 expended for salaries within the instructional program.

3 "(3) DETERMINING FUNDS AVAILABLE TO PROVIDE
4 FOUNDATION PROGRAM.

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

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

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

18 "3. For the 1997-98 fiscal year, the equivalent of
19 ten mills of local school tax district ad valorem tax as
20 reported pursuant to subsection (b)(1)a.

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

24 "b. After calculating the total cost of the
25 Foundation Program for each local board of education, the
26 state allocation from the Education Trust Fund is calculated
27 by subtracting the local effort required by this section from

1 the total cost. Although the cost of the Foundation Program is
2 calculated for each school, the one sum allocation for each
3 local board of education shall flow monthly to the local board
4 of education. The state funds for the Foundation Program shall
5 be allotted by the State Board of Education consistent with
6 State Board of Education rules and regulations.

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

16 "§16-25A-1.

17 "When used in this article, the following terms
18 shall have the following meanings, respectively, unless the
19 context clearly indicates otherwise:

20 "(1) EMPLOYEE. Any person covered by the Public
21 Education Employees' Health Insurance Plan pursuant to Section
22 16-25A-11 or person who is employed full-time in any public
23 institution of education within the State of Alabama which
24 provides instruction at any combination of grades K through
25 14, exclusively, under the auspices of the State Board of
26 Education or the Alabama Institute for Deaf and Blind;
27 provided, any person employed part-time by any public

1 institution of education within the State of Alabama which
2 provides instruction at any combination of grades K through
3 14, exclusively, under the auspices of the State Board of
4 Education or the Alabama Institute for Deaf and Blind, shall
5 be included in the definition of employee if such person shall
6 agree to have deducted from his or her compensation a pro rata
7 portion of the premium cost of a full-time employee, based on
8 the percentage of time such person is employed, in accordance
9 with such rules and regulations as shall be adopted by the
10 board.

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

26 "(3) BOARD. The Public ~~Education~~ Employees' Health
27 Insurance Board.

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

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

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

14 "(7) FEDERAL POVERTY LEVEL. Income level determined
15 in Section 673(2) of the Community Services Block Grant Act 2
16 (42 U.S.C. § 9902(2)). Should the federal government no longer
17 derive or substantially change its derivation of the federal
18 poverty level, the ~~Public Education Employees' Health~~
19 ~~Insurance Board~~ board has the authority to derive and apply an
20 alternate poverty level to carry out its obligations under
21 this article.

22 "(8) HEALTH INSURANCE PREMIUM. The total health
23 insurance cost under a health insurance plan with respect to
24 each class of employees or retirees. Individual premiums may
25 include adjustments and surcharges for (i) family size
26 including, but not limited to, a husband and wife both being
27 covered by a health insurance plan as defined herein, (ii)

1 spouse's eligibility for other health insurance, (iii) smokers
2 and users of tobacco products, (iv) preventive care and
3 wellness care participation, and (v) any such other categories
4 of risk that the board shall approve.

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

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

11 "(11) OPTIONAL COVERAGE. Health insurance coverage
12 offered to employees and retirees for dental, cancer,
13 indemnity, vision, or such other coverage the ~~Public Education~~
14 ~~Employees' Health Insurance Board~~ board deems appropriate in
15 lieu of coverage under the basic medical plan.

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

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

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

26 "(15) SUPPLEMENTAL COVERAGE. Coverage offered to
27 employees and retirees by the ~~Public Education Employees'~~

1 ~~Health Insurance Board~~ board in lieu of coverage in the basic
2 medical plan of the Public Education Employees' Health
3 Insurance Plan that supplements an employee's or retiree's
4 other employer group health insurance coverage.

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

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

17 "§16-25A-2.

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

21 "~~(b) Board members shall serve without compensation~~
22 ~~for their services as board members, but shall be reimbursed~~
23 ~~from the fund established in subsection (f) of Section~~
24 ~~16-25A-8 for all necessary expenses that they may incur~~
25 ~~through service on the board;~~

26 "~~(c) Each board member shall, within 10 days after~~
27 ~~his appointment or election to the Board of Control of the~~

1 ~~Teachers' Retirement System, take an oath of office that, so~~
2 ~~far as it devolves on him, he will diligently and honestly~~
3 ~~administer the affairs of the board herein established, and~~
4 ~~that he will not knowingly violate, or willingly permit to be~~
5 ~~violated, any of the provisions of law applicable to the~~
6 ~~Public Employees' Health Insurance Plan. Such oath shall be~~
7 ~~subscribed to by the member making it, certified by the~~
8 ~~officer before whom it is taken, and immediately filed in the~~
9 ~~office of the Secretary of State;~~

10 ~~"(d) Each board member shall be entitled to one vote~~
11 ~~in matters concerning the board. Six votes shall be necessary~~
12 ~~for a decision at any meeting of said board. In case of a tie~~
13 ~~vote, the decision shall fail;~~

14 ~~"(e) (a) The chairman and vice chairman of the board~~
15 ~~shall be the chairman and vice chairman of the Teachers'~~
16 ~~Retirement System Board of Control. The Secretary-Treasurer of~~
17 ~~the Teachers' Retirement System shall serve as chief executive~~
18 ~~officer of the Public Education Employees' Health Insurance~~
19 ~~Plan. In addition thereto, the board may engage such~~
20 ~~actuarial, administrative, legal, and other special services~~
21 ~~as shall be deemed necessary to transact the business of the~~
22 ~~insurance plan. The compensation and expenses for these~~
23 ~~special services shall be paid at such rates and in such~~
24 ~~amounts as the board shall approve. All other employees not in~~
25 ~~these categories of employment shall be employed under the~~
26 ~~provisions of the Merit System Act.~~

1 "~~(f)~~ (b) The board shall keep in convenient form
2 such data as shall be necessary for actuarial valuation of the
3 funds of the insurance plan and for checking the experience of
4 the plan.

5 "§16-25A-2.1.

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

17 "§16-25A-3.

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

23 "§16-25A-7.

24 "(a) The board is hereby authorized to execute a
25 contract or contracts to provide for the benefits or the
26 administration of the plan determined in accordance with the
27 provisions of this article. Such contract or contracts may be

1 executed with one or more agencies or corporations licensed to
2 transact or administer group health insurance business in this
3 state. All of the benefits to be provided under this article
4 may be included in one or more similar contracts issued by the
5 same or different companies. The board is further authorized
6 to develop a plan whereby it may become self-insured upon its
7 finding that such arrangement would be financially
8 advantageous to the state and plan participants.

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

24 "(c) The board may authorize the carrier with whom
25 the primary contracts are executed to reinsure portions of
26 such contract with other such carriers which elect to be a

1 reinsurer and who are legally qualified to enter into
2 reinsurance agreement under the laws of this state.

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

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

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

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

11 "§16-25A-8.

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

21 "(b) On or before January 1 next preceding each
22 regular meeting of the Legislature, the board shall certify to
23 the Governor and to the Legislature the amount or amounts
24 necessary to fund coverage for benefits authorized by this
25 article for the following fiscal year for employees and for
26 retired employees as a monthly premium per active member per

1 month. The Legislature shall set the premium rate in the
2 annual appropriation bill.

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

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

21 "(e) Each employee and retired employee shall be
22 entitled to have his or her spouse and dependent children, as
23 defined by the rules and regulations of the board, included in
24 the coverage provided upon agreeing to pay the employee's
25 contribution of the health insurance premium for such
26 dependents. The board shall adopt regulations governing the
27 discontinuance and resumption by such employees of coverage

1 for dependents, and in the event of the death of an employee
2 or retired employee, provisions whereby their spouse and
3 dependents may elect to continue that coverage; provided,
4 however, that the spouse and dependents shall pay the full
5 cost of their coverage. During any period in which an
6 employee's or retired employee's dependents are covered under
7 this article, there shall be withheld from the salary payment
8 of such employee or the monthly retirement allowance of such
9 retired employee, the employee's contribution of the health
10 insurance premium for coverage of such dependents under the
11 terms of any contract, contracts, or arrangement entered into
12 in accordance with the provisions of this article.

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

26 "(g) Any state appropriation from the Education
27 Trust Fund for the fiscal year ending September 30, 1984, and

1 any subsequent fiscal year employer premium payments for
2 hospital/medical insurance for eligible employees as defined
3 under the provisions of this article which are made by any
4 institution, board, or agency whether heretofore or hereafter
5 made, shall be deposited in the fund created in subsection (f)
6 of this section and shall be used to fund coverage for the
7 benefits authorized by the provisions of this article.
8 Disbursement of such funds shall be in accordance with the
9 provisions of subsection (b) of this section.

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

19 "(i) Each university which has not elected to
20 participate in the Public Education Employees' Health
21 Insurance Plan shall pay the cost of insuring each employee
22 retired from such university who elects to participate under
23 the Public Education Employees' Health Insurance Plan. Such
24 costs shall be determined in the same manner as is determined
25 for all other retired employees by using the previous fiscal
26 year's claims for all retired employees increased by the
27 expected claims trend for the current fiscal year, as provided

1 by the ~~Public Education Employees' Health Insurance Board's~~
2 board's claims administrator. Such amount shall be reduced by
3 the premiums to be paid by the retired employees during the
4 current fiscal year. The ~~Public Education Employees' Health~~
5 ~~Insurance Board~~ board shall invoice each university monthly,
6 and the university shall pay the board within 30 days of the
7 date of the date of the invoice. If payment is not made within
8 30 days, the Department of Finance is hereby authorized to pay
9 the amount due to the Public Education Employees' Health
10 Insurance Fund directly from funds appropriated to the
11 university.

12 "§16-25A-15.

13 "The ~~Public Education Employees' Health Insurance~~
14 ~~Board~~ board shall promulgate such rules and regulations as may
15 be required for the effective administration of the provisions
16 of this chapter.

17 "§16-25A-16.

18 "~~Once the Legislature has fully funded the Public~~
19 ~~Education Employees' Health Insurance Program, the~~ The board
20 governing the Public Education Employees' Health Insurance
21 ~~Board~~ Plan and the State Employees' Health Insurance ~~Board~~
22 Plan ~~shall~~ may coordinate and equalize benefits so that both
23 groups shall be insured and funded equally.

24 "§16-25A-17.

25 "(a) (1) Any premiums paid to the ~~Public Education~~
26 ~~Employees' Health Insurance Board~~ board for active employees
27 shall include an amount to partially fund the cost of coverage

1 for retired employees. Notwithstanding the foregoing, if the
2 plan becomes fully funded pursuant to this article, this
3 section shall not apply.

4 "(2) The amount authorized by subdivision (1) of
5 this subsection shall not be less than an amount determined by
6 multiplying the number of retired employees by an individual
7 retired employee rate. The individual retired employee rate
8 shall be determined by multiplying the full cost of coverage
9 for a retired employee eligible to receive benefits under the
10 federal Medicare program times the fractional amount derived
11 by dividing the current individual premium for an employee not
12 eligible for benefits under the federal Medicare program by
13 the full cost of coverage for an employee not eligible to
14 receive benefits under the federal Medicare program. The
15 ~~Public Education Employees' Health Insurance Board~~ board may
16 provide additional premium payments for retirees in addition
17 to the minimum amount guaranteed herein to the extent that it
18 does not exceed the amount of their premium as established by
19 the board. Any additional funding for premium amounts which
20 may be provided to retirees with individual coverage who are
21 not eligible for benefits under the federal Medicare program
22 by the ~~Public Education Employees' Health Insurance Board~~
23 board shall not have the effect of reducing the out-of-pocket
24 cost below the total out-of-pocket cost paid by retirees with
25 individual coverage who are eligible for benefits under the
26 federal Medicare program. The total out-of-pocket cost for the
27 retirees with individual coverage who are eligible for

1 benefits under the federal Medicare program shall be
2 determined by the combined cost of part B of the federal
3 Medicare program and the Medicare supplement program provided
4 by the Public Education Employees' Health Insurance Program.

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

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

11 "§16-25A-42.

12 "(a) There is hereby created the Public Education
13 Flexible Employees Benefit Board, which shall consist of the
14 chair ~~and vice chair~~ of the Public Education Employees' Health
15 Insurance Board and ~~three~~ four members of the ~~Public Education~~
16 ~~Employees' Health Insurance Board~~ board, one of whom shall be
17 the Director of Finance. ~~Two~~ Three members of the ~~Public~~
18 ~~Education Employees' Health Insurance Board~~ board shall be
19 elected from the ~~Public Education Employees' Health Insurance~~
20 ~~Board's~~ board's membership as members of the Public Education
21 Flexible Employees' Benefit Board. The individuals presently
22 holding the offices shall constitute the initial membership of
23 the board, and their successors in office, by virtue of
24 assuming such office, shall succeed to membership on the
25 board. The Director of Finance may designate a person to
26 attend the meetings from time to time and to vote in his or
27 her absence.

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

11 "§22-11A-118.

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

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

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

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

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

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

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

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

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

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

20 "(9) ~~One member~~ Two members to be appointed by the
21 Public Education Employees' Health Insurance Board.

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

24 "~~(11)~~ (10) The State Health Officer shall act as
25 chair of the board, without a vote, except where there is a
26 tie vote of the other board members present at a meeting.

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

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

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

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

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

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

8 "§36-1-6.2.

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

26 "(b) All contracts and policies of group life,
27 health, accident and hospitalization insurance which have been

1 issued prior to July 1, 1991, to any instrumentality or agency
2 defined in subsection (a) for the benefit of its officers and
3 employees are hereby ratified, confirmed, approved and
4 validated. All acts done and all premiums paid by ~~said~~ the
5 instrumentality or agency of any such contract or policy are
6 hereby ratified, confirmed, approved and validated.

7 "§36-27-6.4.

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

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

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

26 "(d) Any year of service purchased under the
27 provisions of this section shall not be considered in

1 determining the out-of-pocket premium amount charged to
2 retirees under the provisions of Section 16-25A-8.1 or Section
3 36-29-19.7. Also, any service purchased under this section
4 shall not entitle a member to be eligible for benefits under
5 either the ~~PEEHP~~ Public Education Employees' Health Insurance
6 Plan or ~~SEHB~~ State Employees' Health Insurance Plan any
7 earlier than the member could have reached eligibility under
8 the plan without the service purchased under the provisions of
9 this section.

10 "§36-29-1.

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

14 "(1) BOARD. The ~~State~~ Public Employees' Health
15 Insurance Board.

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

23 "(3) EMPLOYEE. A person who works full time for the
24 State of Alabama or for a county health department and who
25 receives his or her full compensation on a monthly basis
26 through means of a state warrant drawn upon the State Treasury
27 or by check drawn by the Treasurer of the Alabama State Port

1 Authority or by check drawn by the treasurer of the Alabama
2 state agency for surplus property other than those employees
3 covered by the federal Railroad Retirement Act. Full-time
4 employees of the county health department in all counties
5 having populations of not less than 300,000 nor more than
6 500,000 shall also be included in the definition of employee
7 for the purpose of this chapter, and the health department of
8 any such county is hereby authorized to pay the employer's
9 share of any contributions to the retirement fund; provided
10 further, that any district attorney or full-time employees in
11 the district attorney's office, of any judicial circuit shall
12 be included in the definition of employee for the purpose of
13 this chapter, and the respective judicial circuits are hereby
14 authorized to pay the employer's share of any contribution
15 therefor and any person employed part time by the State of
16 Alabama on a wage and hourly basis, excluding fee
17 compensations and other like arrangements, shall be included
18 in the definition of employee as defined in this chapter
19 provided such person shall agree to have deducted from his or
20 her hourly wage, as stipulated, a pro rata portion of the
21 premium cost of a full-time state employee based on the
22 percentage of time such person is employed by the state
23 according to rules and regulations established by the ~~State~~
24 ~~Employees' Insurance Board~~ board. The term shall also include
25 an employee who worked at least 10 years for the State
26 Department of Transportation in "captive county" circumstances
27 as defined by Section 23-1-100 and who was transferred to

1 county employment upon the adoption of Article 3A, Chapter 1,
2 Title 23. Provided further, however, any costs incurred as a
3 result of including such employee in this term shall be
4 payable from funds of the State Department of Transportation.

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

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

11 "(6) FEDERAL POVERTY LEVEL. Income level determined
12 in Section 673(2) of the Community Services Block Grant Act 2
13 (42 U.S.C. § 9902(2)). Should the federal government no longer
14 derive or substantially change its derivation of the federal
15 poverty level, the ~~State Employees' Insurance Board~~ board has
16 the authority to derive and apply an alternate poverty level
17 to carry out its obligations under this chapter.

18 "(7) HEALTH INSURANCE PREMIUM. The total health
19 insurance cost under the State Employees' Health Insurance
20 Plan with respect to each class of employees or retirees.
21 Individual premiums may include adjustments and surcharges for
22 (i) family size including, but not limited to, a husband and
23 wife both being covered by the State Employees' Health
24 Insurance Plan, (ii) spouse's eligibility for other health
25 insurance, (iii) smokers and users of tobacco products, (iv)
26 ~~preventative~~ preventive care and wellness care participation,

1 and (v) any such other categories of risk that the board shall
2 approve.

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

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

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

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

24 "(12) STATE EMPLOYEES' HEALTH INSURANCE PLAN. The
25 health benefit plan administered or offered by the ~~State~~
26 ~~Employees' Insurance Board~~ board for eligible employees and
27 retirees and their respective dependents. The ~~State Employees'~~

1 ~~Insurance Board~~ board may offer supplemental coverages and
2 policies in lieu of or in addition to coverage in the basic
3 medical plan of the State Employees' Health Insurance Plan.
4 Also referred to herein as "health insurance plan" or "plan."

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

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

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

21 "(16) YEARS OF CREDITABLE COVERAGE. The number of
22 years and months that an employee is covered under the State
23 Employees' Health Insurance Plan prior to retirement as
24 determined by the ~~State Employees' Insurance Board~~ board,
25 including any periods of full-time permanent employment
26 subsequent to retirement up to a maximum of five years.
27 Creditable coverage shall also include months and years: (1)

1 Related to service in the United States Armed Forces; (2) as a
2 part-time employee prior to October 1, 2005; (3) as an
3 employee as defined in Sections 16-25A-1 and 16-25A-11; (4) as
4 a full time employee of a local legislative delegation office
5 which participates in the Employees' Retirement System if the
6 employee is under the state employees' insurance plan on June
7 14, 2011; (5) as an employee of a postsecondary institution
8 eligible for Public Education Employees' Health Insurance Plan
9 coverage as a retiree whether the institution participates in
10 the Public Education Employees' Health Insurance Plan or has
11 its own plan of insurance for active employees, provided the
12 postsecondary institution contributes an amount to the State
13 Employees Insurance Fund for each of its retired employees
14 equal to any amount appropriated by the state to fund benefits
15 for retired employees as determined by the ~~State Employees'~~
16 ~~Insurance Board~~ board; (6) as a juvenile probation officer
17 provided that the Administrative Office of Courts contributes
18 an amount to the State Employees Insurance Fund for each
19 retired juvenile probation officer equal to any amount
20 appropriated by the state to fund benefits for retired
21 employees as determined by the ~~State Employees' Insurance~~
22 ~~Board~~ board; or (7) as an employee of the USS Alabama
23 Battleship Commission provided that the USS Alabama Battleship
24 Commission contributes an amount to the State Employees
25 Insurance Fund for each retired employee of the USS Alabama
26 Battleship Commission equal to any amount appropriated by the
27 state to fund benefits for retired employees as determined by

1 the ~~State Employees' Insurance Board~~ board. For employees of
2 the Alabama State Port Authority, the term years of creditable
3 coverage shall mean the sum of the number of years and months
4 of creditable service as determined by the Employees'
5 Retirement System, the Teachers' Retirement System, or the
6 Judicial Retirement System with regard to any periods of time
7 during which such employee was employed under the Merit System
8 plus the number of years and months of creditable service as
9 determined by the ~~State Employees' Insurance Board~~ board with
10 regard to any period of time during which such employee was
11 employed by the Alabama State Port Authority as a non-Merit
12 System employee.

13 "(17) YEARS OF SERVICE. The number of years and
14 months of creditable service by an employee prior to
15 retirement as determined by the Employees' Retirement System,
16 Teachers' Retirement System, or Judicial Retirement System
17 including any periods of full time permanent employment
18 subsequent to retirement up to a maximum of five years. Except
19 for creditable service related to service in the United States
20 Armed Forces, or as an employee as defined in Sections
21 16-25A-1 and 16-25A-11, or as an employee of a postsecondary
22 institution eligible for PEEHIP coverage as a retiree whether
23 the institution participates in PEEHIP or has its own plan of
24 insurance for active employees, the ~~State Employees' Insurance~~
25 ~~Board~~ board may exclude from years of service any years and
26 months of creditable service it determines was not related to
27 service as an employee as defined in Section 36-29-1. For

1 employees of the Alabama State Port Authority, the term years
2 of service shall mean the sum of the number of years and
3 months of creditable service as determined by the Employees'
4 Retirement System, the Teachers' Retirement System, or the
5 Judicial Retirement System with regard to any periods of time
6 during which such employee was employed under the Merit System
7 plus the number of years and months of creditable service as
8 determined by the ~~State Employees' Insurance Board~~ board with
9 regard to any period of time during which such employee was
10 employed by the Alabama State Port Authority as a non-Merit
11 System employee.

12 "§36-29-3.

13 "The health insurance plan provided for in this
14 chapter shall be designed by the ~~State Employees' Insurance~~
15 ~~Board~~ board to provide a reasonable relationship between the
16 hospital, surgical, and medical benefits to be included and
17 the expected hospital, surgical, and medical expenses to be
18 incurred by the affected employee and retiree and dependents
19 and to include reasonable controls, which may include, but are
20 not limited to, deductible, copayment, coinsurance, and other
21 cost containment measures to prevent unnecessary utilization
22 of the various hospital, surgical, and medical services
23 available and to provide reasonable assurance of stability in
24 future years for the plan.

25 "§36-29-5.

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

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

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

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

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

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

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

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

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

26 "§36-29-6.

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

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

21 "(c) The contract or contracts executed by the board
22 with the selected carrier or third party administrator shall
23 be a contract to offer coverage to all employees and retirees
24 of the state subject to the provisions of this chapter;
25 provided, however, that nothing contained in this chapter
26 shall prohibit other insurance carriers from soliciting
27 additional health and other types of insurance coverage with

1 state employees, and nothing contained in this chapter shall
2 prohibit the Director of Finance from authorizing payment of
3 premiums for such additional health and other types of
4 coverage by payroll deduction.

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

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

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

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

27 "§36-29-13.

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

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

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

20 "§36-29-14.

21 "(a) Any agency of the state, or any governmental
22 entity, body, or subdivision thereto, any county, any
23 municipality, any municipal foundation, any fire or water
24 district, authority, or cooperative, any regional planning and
25 development commission established pursuant to Sections
26 11-85-50 through 11-85-73, that is not and was not for the 12
27 months immediately preceding the date of application to

1 participate in any plan created pursuant to the provisions of
2 this article a member of an existing government sponsored
3 health insurance program, formed under the provisions of
4 Section 11-26-2, the Association of County Commissions of
5 Alabama or the Alabama League of Municipalities, the Alabama
6 Retired State Employees' Association, the Alabama State
7 Employees Credit Union, Easter Seals Alabama, Alabama State
8 University, the Alabama Rural Water Association, Rainbow
9 Omega, Incorporated, The Arc of Alabama, Incorporated, and any
10 of the affiliated local chapters of The Arc of Alabama,
11 Incorporated, United Ways of Alabama and its member United
12 Ways, the Alabama Network of Children's Advocacy Centers and
13 its member Children's Advocacy Centers, any railroad authority
14 organized pursuant to Chapter 13, Title 37, or any solid waste
15 disposal authority organized pursuant to Chapter 89A, Title
16 11, by resolution legally adopted to conform to rules
17 prescribed by the ~~State Employees' Insurance Board~~ board, may
18 elect to have its officers, members, employees, and retired
19 employees become eligible for health insurance coverage under
20 the ~~State Employees' Insurance Board~~ board without any
21 liability to the state or the State Employees' Health
22 Insurance Plan.

23 "(b) Acceptance of the employees identified in
24 subsection (a) shall be optional with the ~~State Employees'~~
25 ~~Insurance Board~~ board.

26 "(c) Employees, officers, members, and retirees who
27 are eligible for health insurance pursuant to this section

1 shall be entitled to coverage and benefits as designated by
2 the ~~State Employees' Insurance Board~~ board.

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

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

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

18 "The employer, by resolution of the governing body,
19 shall signify its intention and desire to withdraw from such
20 plan in writing and by delivering a copy of such resolution by
21 certified mail to the ~~State Employees' Insurance Board~~ board
22 no later than six months prior to the effective date of
23 withdrawal. Any employer that withdraws from participation in
24 such plan shall be responsible for paying its claims incurred
25 prior to the date of withdrawal, but not reported and paid
26 prior to the date of withdrawal. The withdrawing employer
27 shall also be liable for interest which will accrue at a rate

1 of one and one-half percent per month on any monies due to the
2 ~~State Employees' Insurance Board~~ board which are over 30 days
3 past due. Any organization which provides or administers
4 health insurance benefits through the Local Government Health
5 Insurance Program shall not provide or administer health
6 insurance benefits to any entity which withdraws from the
7 Local Government Health Insurance Program for a period of two
8 years from the effective date of withdrawal.

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

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

21 "§36-29-14.1.

22 "(a) The governing body of any county soil and water
23 conservation district may, by resolution legally adopted to
24 conform to rules prescribed by the ~~State Employees' Insurance~~
25 ~~Board~~ board, elect to have its officers and employees who are
26 full-time employees working at least a 40-hour work week and
27 its retiring employees who worked full time at least a 40-hour

1 work week during their active employment become eligible to
2 participate in the State Employees' Health Insurance Plan. The
3 term "officers" and "employees" as used in this section shall
4 include those persons appointed or employed by the individual
5 officers and performing their duties in public offices, but
6 shall not include members of soil and water conservation
7 district boards, known as district supervisors who are
8 expressly prohibited from participating in said health
9 insurance plan.

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

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

22 "(d) The agreement of any employer to have its
23 officers and employees and its retiring employees to be
24 covered under the State Employees' Health Insurance Plan shall
25 be irrevocable except it can be terminated by the employer, by
26 resolution of the governing body, signifying its intention and
27 desire to withdraw from such plan in writing and delivering a

1 copy of such resolution to the ~~State Employees' Insurance~~
2 ~~Board~~ board; provided, however, any officer or employee who
3 becomes covered under such plan shall be entitled to a minimum
4 of five consecutive years of coverage.

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

9 "§36-29-15.

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

16 "(b) Preexisting conditions shall not be covered
17 until the insured has been covered under the plan for a period
18 of 12 months, provided, however, that any legislator enrolling
19 within 30 days of April 23, 1990 or within 30 days of the
20 beginning of any calendar year thereafter shall not be subject
21 to this limitation of benefits. A preexisting condition is any
22 condition for which the insured or their covered dependent
23 received medical treatment, advice or consultation or received
24 any prescribed medication within 12 months of the effective
25 date of the insured's coverage under the plan.

26 "(c) The premiums for the insurance coverage for a
27 legislator, the Lieutenant Governor and their dependents shall

1 be paid by the individual legislator and the Lieutenant
2 Governor.

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

7 "§36-29-17.

8 "(a) Notwithstanding the provisions of Section
9 36-29-1, an employee or executive officer of the Alabama
10 Sports Hall of Fame Board and his or her dependents shall be
11 eligible for coverage under the State Employees' Health
12 Insurance Plan and upon the expiration of the employment may
13 continue the coverage for a maximum of 36 months.

14 "(b) Preexisting conditions shall not be covered
15 until the insured has been covered under the plan for a period
16 of 12 months. An employee enrolling within 30 days of August
17 7, 1995 or within 30 days of the beginning of a calendar year
18 thereafter shall not be subject to this limitation of
19 benefits. A preexisting condition is a condition for which the
20 insured or their covered dependent received medical treatment,
21 advice, or consultation, or received a prescribed medication
22 within 12 months of the effective date of the insured's
23 coverage under the plan.

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

1 "~~State Employees' Insurance Board~~ board
2 shall promulgate rules and regulations required for the
3 effective administration of this section.

4 "§36-29-18.

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

16 "§36-29-19.9.

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

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

1 "§36-29A-2.

2 "The costs of the program and its administration
3 shall be paid from the funds appropriated for the operation of
4 the several state departments, agencies, boards and
5 commissions, to which the Director of Finance may apportion
6 the costs. Medical costs may be managed by cooperative
7 agreement with the ~~State Employees' Insurance Board~~ board.

8 "§36-34-2.

9 "As an alternative to the provisions of Section
10 36-34-1, the local units are authorized to participate in a
11 health insurance plan developed by the ~~State~~ Public Employees'
12 Health Insurance Board or the Alabama Retired State Employees'
13 Association to provide health insurance coverage to retirees,
14 designated beneficiaries, and surviving spouses of active
15 members of the local units who are receiving benefits from the
16 Employees' Retirement System. The costs of extending the
17 health insurance to the retirees, designated beneficiaries, or
18 surviving spouses under the aforementioned developed health
19 insurance plan may be paid from any funds available to the
20 local units which are otherwise unencumbered.

21 "§36-35-3.

22 "(a) The Alabama Prescription Cost Initiative Board
23 is created.

24 "(b) The board shall consist of the following voting
25 members: The executive director or chief staff person of the
26 ~~State~~ Public Employees' Health Insurance Board (~~SEIB~~) and the
27 ~~Public Education Employees Health Insurance Plan (PEEHIP)~~, the

1 Chair of the Board of Directors of SEIB, the Chair of the
2 Board of Directors of PEEHIP board, two board members of the
3 board as appointed by the board and the State Health Officer.
4 The Director of the Medicaid Agency may serve in a nonvoting
5 capacity.

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

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

15 "(e) The board through its executive director may
16 enter into agreements with, or affiliate with, a prescription
17 drug buying group for centralized purchase and distribution of
18 prescription drugs to retail pharmacies. Notwithstanding any
19 provision of this subsection to the contrary, nothing herein
20 shall require, nor be construed to require, any retail
21 pharmacy to purchase prescription drugs from a central
22 warehouse or central facility.

23 "(f) The board shall make recommendations to public
24 employee insurance programs, departments, and governmental
25 entities for prescription formulary design.

26 "(g) In conformity with the official policy of the
27 U.S. Food and Drug Administration and its regulations, the

1 reimportation of prescription drugs is expressly prohibited
2 pursuant to this chapter.

3 "§36-36-1.

4 "The Legislature of Alabama hereby finds and
5 determines that the funding of accrued and accruing health
6 care benefits to retired employees and their dependents is a
7 proper governmental function and purpose of the state. The
8 Governmental Accounting Standards Board has issued Statements
9 43 and 45, which set forth standards on accounting and
10 reporting for post-employment benefits other than pensions by
11 governments. The new standards will require the state to
12 account for such post-employment benefits on an actuarial
13 basis during an employee's career rather than on a
14 pay-as-you-go basis during the employee's period of
15 retirement. The Legislature has determined that it would be
16 advisable for the state to create irrevocable trusts whereby
17 the state may begin funding those benefits in advance to
18 address and ultimately offset the state's accrued liabilities
19 for such benefits. Therefore, the state, ~~the State Employees'~~
20 ~~Insurance Board,~~ and the Public Education Employees' Health
21 Insurance Board are authorized and directed to create
22 irrevocable trusts to be named the "Alabama Retired State
23 Employees' Health Care Trust" and the "Alabama Retired
24 Education Employees' Health Care Trust," ~~respectively,~~ which
25 shall be created, funded, and administered in accordance with
26 the provisions of this chapter to protect and enhance the
27 financial condition of the state.

1 "§36-36-3.

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

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

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

12 "(3) ~~BOARDS~~ BOARD. The ~~State Employees' Insurance~~
13 ~~Board and the~~ Public ~~Education~~ Employees' Health Insurance
14 Board.

15 "(4) DEPENDENTS. The spouse and dependent children,
16 as defined by the rules and regulations of the ~~respective~~
17 ~~boards~~ board, of a retired employee who are covered by either
18 the Public Education Employees' Health Insurance Plan pursuant
19 to Chapter 25A of Title 16, as amended from time to time, or
20 the State Employees' Health Insurance Plan pursuant to Chapter
21 29 of this title, as amended from time to time.

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

1 16-25A-1(1) or Section 36-29-1(3), as amended from time to
2 time.

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

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

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

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

16 "(9) ~~(10)~~ RETIRED EMPLOYEE. A former employee who is
17 a participant in either the Public Education Employees' Health
18 Insurance Plan pursuant to Chapter 25A of Title 16, as amended
19 from time to time, or the State Employees' Health Insurance
20 Plan pursuant to Chapter 29 of this title, as amended from
21 time to time, and satisfies the definition of retiree under
22 Section 36-29-1(11), as amended from time to time, or retired
23 employee under Section 16-25A-1(2), as amended from time to
24 time.

25 "(10) ~~(11)~~ STATE. The State of Alabama.

1 "~~(12) STATE EMPLOYEES' INSURANCE BOARD. The State~~
2 ~~Employees' Insurance Board established by Section 36-29-2, or~~
3 ~~its successor or assign.~~

4 "(11) ~~(13)~~ TRUSTEE. A trustee of the relevant trust.

5 "(12) ~~(14)~~ TRUSTS. The separate trusts to be created
6 by the state, on the one hand, as the grantor, and members of
7 the ~~State Employees' Insurance Board or the Public Education~~
8 ~~Employees' Health Insurance Board~~ board, on the other hand, as
9 trustees of the ~~respective~~ trusts, pursuant to this chapter.

10 "§36-36-4.

11 "The trusts created pursuant to this chapter shall
12 be evidenced by a written trust instrument, the terms and
13 conditions of which shall be determined by the board creating
14 such trust and the Governor on behalf of the state as long as
15 such terms and conditions do not conflict with this chapter.
16 The Trustees of the Alabama Retired State Employees' Health
17 Care Trust ~~shall be the members of the State Employees'~~
18 ~~Insurance Board serving from time to time,~~ and the Trustees of
19 the Alabama Retired Education Employees' Health Care Trust
20 shall be the members of the ~~Public Education Employees' Health~~
21 ~~Insurance Board~~ board serving from time to time. Each trust
22 shall be managed and controlled by its ~~respective~~ trustees
23 separately from and independent of the management and control
24 of the other trust. The trustees shall serve without
25 compensation for their service as trustees, but may be
26 reimbursed from the respective trust for all reasonable and

1 necessary expenses that they incur in connection with their
2 services as trustees.

3 "§36-36-5.

4 "(a) The trusts shall be under the management and
5 control of ~~their respective~~ the trustees. All powers necessary
6 or otherwise advisable for the management and control of the
7 trusts shall be vested solely in the ~~respective~~ trustees.

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

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

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

24 "(3) To enter into contracts with, to accept aid and
25 grants from, to cooperate with, and to do any and all things
26 that may be necessary or otherwise advisable in order to avail
27 the ~~respective~~ trust of the aid and cooperation of the United

1 States of America, the state, or any agency, instrumentality,
2 or political subdivision of either thereof in furtherance of
3 the purposes of this chapter;

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

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

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

18 "§36-36-6.

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

26 "(b) The sources of funding to the Alabama Retired
27 Education Employees' Health Care Trust may be: (1)

1 appropriations made by the Legislature; (2) contributions by
2 employees and retired employees; (3) employer contributions;
3 (4) investment income; (5) proceeds of any gifts, grants, or
4 contributions; (6) transfers from the Public Education
5 Employees' Health Insurance Fund; and (7) all other sources
6 permitted by law.

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

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

24 "(e) Notwithstanding the above, as long as such
25 amendment is consistent with the legislative intent of this
26 chapter, the trustees of the trusts shall have the authority
27 to amend or modify their ~~respective~~ trust: (1) if, in the

1 opinion of counsel for the trustees of the ~~respective~~ trust,
2 it is necessary or otherwise advisable to obtain any material
3 tax advantage or avoid any material adverse tax result; (2)
4 if, in the opinion of the independent accountant for the
5 trustees of the ~~respective~~ trust, it is necessary or otherwise
6 advisable to cause the trust to be considered another
7 post-employment benefits trust in accordance with generally
8 accepted governmental accounting principles, as prescribed by
9 the Governmental Accounting Standards Board or its successor;
10 or (3) if, in response to a petition of the ~~respective~~
11 trustees of the trust requesting that the trust be amended, a
12 court of competent jurisdiction determines that such amendment
13 is necessary or otherwise advisable to accomplish one or more
14 purposes of this chapter.

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

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

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

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

1 "§36-36-7.

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

17 "§41-10-725.

18 "The institute shall have the following powers:

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

24 "(2) To educate the public about career
25 opportunities as craft trade workers in the construction
26 industry.

1 "(3) To acquire, receive, and take title to, by
2 purchase, gift, lease, license, devise, or otherwise, to hold,
3 keep, improve, maintain, equip, furnish, develop, and to
4 transfer, convey, donate, sell, lease, license, grant options
5 to, assign, or otherwise dispose of property of every kind and
6 character, real, personal, mixed, tangible and intangible, and
7 any and every interest therein, to any person or entity.

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

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

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

19 "(7) To engage in media advertising, marketing,
20 website creation, website design, website maintenance,
21 database creation, database design, database maintenance, data
22 and information collection, and data and information
23 dissemination and distribution, including the dissemination or
24 distribution of data and information on potential construction
25 workforce recruits, to the construction industry, users of the
26 construction industry, and educational institutions, or other

1 entities, as deemed necessary or appropriate by the institute
2 in its sole discretion.

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

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

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

22 "(11) To employ and provide for the compensation of
23 an executive director and staff and support personnel
24 according to policies and procedures adopted by the institute.
25 The executive director and the employees of the institute
26 shall not be considered state employees; however, the director
27 and employees may petition the Employees' Retirement System

1 and the ~~State~~ Public Employees' Health Insurance Board for
2 inclusion in these systems subject to terms and conditions of
3 similarly situated persons who may petition for benefits from
4 these entities. The Employees' Retirement System may elect to
5 provide retirement benefits and the ~~State~~ Public Employees'
6 Health Insurance Board may elect to provide health insurance
7 benefits to the employees of the institute upon petition of
8 the employees and subject to terms and conditions for
9 similarly situated employees of other public entities.

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

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

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

26 "(15) To do all things necessary or convenient to
27 carry out the powers and purposes conferred by this section.

1 "(16) To exercise any and all powers permissible
2 under state law not in conflict with the purposes of the
3 institute."

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

6 Section 8. Sections 6 and 7 of this act shall be
7 effective January 1, 2018.

8 Section 9. All references in the Code of Alabama
9 1975 to the State Employees' Insurance Board or the Public
10 Education Employees' Health Insurance Board shall be deemed a
11 reference to the Public Employees' Health Insurance Board. All
12 property rights and contractual obligations of the State
13 Employees' Insurance Board and the Public Education Employees'
14 Health Insurance Board are hereby transferred to the Public
15 Employees' Health Insurance Board as provided by the terms of
16 this act effective 12:01 a.m., January 1, 2018, and thereafter
17 all references to the State Employees' Insurance Board and
18 Public Employees' Health Insurance Board shall mean, and be
19 synonymous with, the Public Employees' Health Insurance Board.

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

22 Section 11. This act is effective immediately
23 following its passage and approval by the Governor, or its
24 otherwise becoming law.