



**House Ways and Means Education Reported Substitute
for HB309**

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A BILL
TO BE ENTITLED
AN ACT

Relating to the Public Education Employees' Health Insurance (PEEHIP) Board; to amend Section 16-25A-7, Code of Alabama 1975; to require the renegotiation of contracts for Medicare retiree health benefit plans every five years.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 16-25A-7 of the Code of Alabama 1975, is amended to read as follows:

"§16-25A-7

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



House Ways and Means Education Reported Substitute for HB309

29 participants.

30 (b) (1) Before entering into any contract or contracts
31 authorized by subsection (a), the board shall invite
32 competitive bids from all qualified entities who may wish to
33 administer or offer plans for the health insurance coverage or
34 the administrative services desired. The board shall award
35 ~~such~~ the contract or contracts on a competitive basis as
36 determined by the benefits afforded, administrative costs, the
37 costs to be incurred by employee, retiree, and employer, the
38 experience of the offering company or agency in the group
39 health insurance field, and its facilities for the handling of
40 claims. In evaluating these factors the board may employ the
41 services of impartial professional insurance analysts or
42 actuaries.

43 (2) The board shall reevaluate the contract or
44 contracts yearly, and renegotiate all contracts, except for
45 contracts for Medicare retiree health care, on a competitive
46 basis at least every three years. Contracts for Medicare
47 retiree health care shall be renegotiated on a competitive
48 basis at least every five years.

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

54 (d) Each employee or retired employee who is covered by
55 the plan provided pursuant to this article shall receive
56 evidence of ~~such~~ the coverage. In addition, each employee or



House Ways and Means Education Reported Substitute for HB309

57 retired employee shall receive, upon request, information
58 setting forth the benefits to which the employee or retired
59 employee and his or her dependents are entitled, to whom ~~such~~
60 the benefits shall be payable, to whom claims shall be
61 submitted, and a summary of the provisions of the plan as they
62 affect the employee and his or her dependents.

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

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

84 (g) The Public Education Employees' Health Insurance



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85 Board may enter into contracts of the State Employees'
86 Insurance Board that were awarded through a competitive bid
87 process, upon the mutual consent of the State Employees'
88 Insurance Board and the contractor."

89 Section 2. This act shall become effective **immediately**.