

1 HB20
2 179578-2
3 By Representatives Hanes, Whorton (R), Pettus, Standridge,
4 Williams (JW), Sessions and Farley
5 RFD: State Government
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8 SYNOPSIS: Under existing law, the Public Education
9 Employees' Health Insurance Plan (PEEHIP) Board, on
10 or before each January 1, is required to certify to
11 the Governor and Legislature the amounts necessary
12 to fund coverage for benefits under PEEHIP for
13 active and retired employees for the ensuing fiscal
14 year as a monthly premium for each active member.
15 The Legislature is required to set the premium rate
16 in the annual appropriation bill. Also under
17 existing law, PEEHIP has the authority to establish
18 or change deductibles and co-pays, impose new or
19 increase existing fees, surcharges, and premiums,
20 and determine the particular benefits covered.

21 This bill would require the certification by
22 PEEHIP to be the amount necessary to fund PEEHIP at
23 the same level of benefits, deductibles and
24 co-pays, and fees, surcharges, and premiums as the
25 current fiscal year and would provide that PEEHIP
26 could only establish or increase co-pays or
27 deductibles, impose new fees, surcharges, or

1 premiums, increase existing fees, surcharges, or
2 premiums, or reduce coverage if the Legislature
3 failed to appropriate the amount certified.
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5 A BILL
6 TO BE ENTITLED
7 AN ACT
8

9 Relating to the Public Education Employees' Health
10 Insurance Plan (PEEHIP), to amend Section 16-25A-8 of the Code
11 of Alabama 1975, to require PEEHIP to request sufficient funds
12 each year to continue to fund the plan at the same level as
13 the current year without a change in co-pays, deductibles,
14 fees, surcharges, premiums, or benefits.

15 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

16 Section 1. Section 16-25A-8 of the Code of Alabama
17 1975, is amended to read as follows:

18 "§16-25A-8.

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

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

9 "(2) The amount certified pursuant to subdivision
10 (1) must be an amount sufficient to fund the benefits
11 available in the current year without an increase in co-pays
12 or deductibles, the imposition of new fees, surcharges, or
13 premiums, or an increase in existing fees, or a reduction in
14 benefits. The board may not increase co-pays or deductibles,
15 impose new or increase existing fees, surcharges, or premiums,
16 or reduce benefits for the fiscal year for which the
17 certification is made unless the amount appropriated is less
18 than the amount certified.

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

23 "(d) For any fiscal year in which the monthly
24 premium certified under subsection (a) for hospital/medical
25 insurance per eligible employee is less than the cost of the
26 coverage per eligible employee, then the difference in cost
27 per eligible employee shall be submitted for each eligible

1 employee by the employing board, institution, or agency
2 monthly to the board, the sum of which may be any combination
3 of employee funds collected through monthly payroll deduction
4 and employing board, institution or agency funds; in any
5 fiscal year in which the monthly premium for hospital/medical
6 insurance for retired employees is less than the cost of the
7 coverage, then the difference in cost per eligible retired
8 employee as defined in subsection (c) shall be withheld from
9 the monthly retirement check of the retired employee.

10 "(e) Each employee and retired employee shall be
11 entitled to have his or her spouse and dependent children, as
12 defined by the rules and regulations of the board, included in
13 the coverage provided upon agreeing to pay the employee's
14 contribution of the health insurance premium for such
15 dependents. The board shall adopt regulations governing the
16 discontinuance and resumption by such employees of coverage
17 for dependents, and in the event of the death of an employee
18 or retired employee, provisions whereby their spouse and
19 dependents may elect to continue that coverage; provided,
20 however, that the spouse and dependents shall pay the full
21 cost of their coverage. During any period in which an
22 employee's or retired employee's dependents are covered under
23 this article, there shall be withheld from the salary payment
24 of such employee or the monthly retirement allowance of such
25 retired employee, the employee's contribution of the health
26 insurance premium for coverage of such dependents under the

1 terms of any contract, contracts, or arrangement entered into
2 in accordance with the provisions of this article.

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

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

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

10 "(i) Each university which has not elected to
11 participate in the Public Education Employees' Health
12 Insurance Plan shall pay the cost of insuring each employee
13 retired from such university who elects to participate under
14 the Public Education Employees' Health Insurance Plan. Such
15 costs shall be determined in the same manner as is determined
16 for all other retired employees by using the previous fiscal
17 year's claims for all retired employees increased by the
18 expected claims trend for the current fiscal year, as provided
19 by the Public Education Employees' Health Insurance Board's
20 claims administrator. Such amount shall be reduced by the
21 premiums to be paid by the retired employees during the
22 current fiscal year. The Public Education Employees' Health
23 Insurance Board shall invoice each university monthly, and the
24 university shall pay the board within 30 days of the date of
25 the date of the invoice. If payment is not made within 30
26 days, the Department of Finance is hereby authorized to pay
27 the amount due to the Public Education Employees' Health

1 Insurance Fund directly from funds appropriated to the
2 university."

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