

1 SB127  
2 147596-2  
3 By Senator Blackwell  
4 RFD: Finance and Taxation General Fund  
5 First Read: 05-FEB-13

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8 SYNOPSIS: This bill would authorize the State  
9 Employees' Insurance Board to offer a High  
10 Deductible Health Plan with a federally qualified  
11 Health Savings Account and a Health Reimbursement  
12 Arrangement to eligible state employees, state  
13 retirees, and their dependents.

14  
15 A BILL  
16 TO BE ENTITLED  
17 AN ACT

18  
19 To authorize the State Employees' Insurance Board to  
20 offer a High Deductible Health Plan with a federally qualified  
21 Health Savings Account and a Health Reimbursement Arrangement  
22 to eligible state employees, state retirees, and their  
23 dependents.

24 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

25 Section 1. High Deductible Health Plan with a  
26 Federally Qualified Health Savings Account.

1 (a) As used in this section, the following words  
2 shall have the following meanings:

3 (1) HEALTH SAVINGS ACCOUNT or HSA. A savings or  
4 other account meeting the requirements for favorable tax  
5 treatment under §26 U.S.C. 223, as amended.

6 (2) HIGH DEDUCTIBLE HEALTH PLAN or HDHP. That term  
7 as defined in §26 U.S.C. 223(c)(2), as amended, and any  
8 regulations promulgated thereunder.

9 (3) PARTICIPANT. An eligible active or retired state  
10 employee and his or her dependents as determined by the State  
11 Employees' Insurance Board.

12 (b) The State Employees' Insurance Board may offer a  
13 high deductible health plan with a federally qualified health  
14 savings account (HDHP-HSA) to eligible active and retired  
15 state employees and their dependents. A retired state employee  
16 eligible for or entitled to Medicare benefits under Title  
17 XVIII of the federal Social Security Act is not eligible to  
18 participate in the HDHP-HSA. The terms and conditions of the  
19 HDHP-HSA shall be established by the board in accordance with  
20 federal requirements and limitations.

21 (c) A participant in the HDHP-HSA may receive an  
22 employer contribution into the participant's HSA from the  
23 State Employees' Insurance Fund in an amount to be determined  
24 by the board. The employer contributions into the  
25 participant's HSA shall not constitute compensation to an  
26 employee for the purposes of any statute fixing or limiting  
27 the compensation of the employee.

1 (d) A participant in the HDHP-HSA is eligible to  
2 deposit the participant's own funds into a HSA. Each  
3 department, agency, or county health department on behalf of  
4 the state may deduct or reduce from salary or wages amounts  
5 voluntarily designated by a participant pursuant to salary  
6 reduction agreement to participate in the HDHP-HSA. The amount  
7 by which a state employee's salary or wage is reduced pursuant  
8 to a salary reduction agreement authorized by this article  
9 shall continue to be included as earnable compensation for the  
10 purpose of computing benefits under the State Employees'  
11 Retirement System and the Teachers' Retirement System.

12 Section 2. Health Reimbursement Arrangement.

13 (a) As used in this section, the term health  
14 reimbursement arrangement or HRA means a plan qualifying as a  
15 health reimbursement arrangement as that term is defined under  
16 IRS Notice 2002-45 and a medical reimbursement plan under  
17 Sections 105 and 106 of the Internal Revenue Code of 1986, as  
18 amended.

19 (b) The State Employees' Insurance Board may offer a  
20 health reimbursement arrangement to eligible active and  
21 retired state employees and their dependents. The terms and  
22 conditions of the HRA shall be established by the board in  
23 accordance with federal requirements and limitations.

24 (c) Participants in the HRA are eligible to receive  
25 an employer contribution into the participant's HRA from the  
26 State Employees Insurance Fund in an amount to be determined  
27 by the board. Employer contributions into the participant's

1 HRA shall not constitute compensation to an employee for the  
2 purposes of any statute fixing or limiting the compensation of  
3 the employee.

4 Section 3. All laws or parts of laws which conflict  
5 with this act are repealed.

6 Section 4. This act shall become effective  
7 immediately following its passage and approval by the  
8 Governor, or its otherwise becoming law.