



STATE OF ALABAMA STATE EMPLOYEES INSURANCE BOARD

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Legislative Update

By: Sally Corley

When the House and Senate both voted to override the Governor's veto of the General Fund budget, the General Fund budget was enacted last week. It reflects an increased rate of \$850 for SEIB and it leaves Medicaid with an \$85 million shortfall. A joint legislative committee to study Medicaid is scheduled to have its first meeting next Wednesday afternoon. Depending on the findings of this committee, we may see a special session later this year focused on funding for Medicaid. The Education budget passed the Senate this week, and the House will decide soon whether they will concur or send it to conference committee. With only 8 legislative days left in the session, it will likely be an exciting next few weeks.

Below is a brief description of some of the bills we are tracking this session. Please know these weekly legislative updates are meant to keep you informed of legislation that may affect you, and are provided in an effort to demonstrate the SEIB's commitment to the goal of providing the best health care coverage available at an affordable rate for our members.

SB125 - FY17 GENERAL FUND BUDGET:

The biggest item on our legislative agenda each year is the general fund budget. As a refresher, the SEIB is funded through two main sources: the employer share (the State of Alabama) and the employee share (premiums, savings from copays and deductibles). The SEIB's funding from the State (the employer share) can be demonstrated by a simple equation:

$$\text{STATE RATE} \times \text{NUMBER OF FULL TIME EMPLOYEES} = \text{TOTAL STATE FUNDING.}$$

These funds are used to cover the health care costs of all employees, retirees, COBRAs, beneficiaries and dependents. As the number of full-time state employees continues to decrease, so does our overall funding. If the general fund agencies experience a cut in funding, the SEIB will experience a similar cut. But the SEIB will retain much of the same expenses because a large number of employees retire and continue coverage under our plan.

FY17: The Legislature increased SEIB's rate from \$825 to \$850, and encourages the Board not to increase out of pocket costs for members. A rate of \$850 is a great improvement, but it does not fully fund SEIB's request of \$875. While the legislature intends for there to be no increased out of pocket expenses, we cannot guarantee that at a partially-funded rate of \$850. The Board meets in late summer to determine the rates for the upcoming year, and many factors will be considered in that decision.

This is the one perk for state employees in the General Fund Budget. This increase to SEIB's rate helps all employees equally, and it benefits active and retired employees alike. A rate of \$850 greatly

reduces the need for an increase to your out of pocket expenses. Please thank your legislators for the increased rate.

Don't forget that if you qualify for "other employer health insurance coverage" through a spouse or another job, please contact your [SEIB Advisor](#) today to find out about savings opportunities that are immediately available to you.

STATUS: Both chambers overrode the Governor's veto - Enacted.

HOUSE:

HJR17 Greer – Pension Committee Resolution:

Extended the duration of the Pension Committee to April 1, 2016. The Committee reviewed pensions and retiree health insurance benefits, and made recommendations on legislation to address these policy areas. To date, no legislation has been introduced regarding retiree health insurance benefits.

STATUS: Act number 2016-7.

HB17 Hill/SB187 Williams– Deferred Compensation Automatic Enrollment:

This bill gives the State Personnel Board the ability to automatically enroll all new state employees or employees who return to work after a break in service in a deferred compensation plan at a rate of \$10 per pay period with a 90 day opt out provision.

STATUS: HB17 was introduced in the House. SB187 awaits third reading in the Senate.

HB31 Fridy – Mileage Reimbursement:

This bill reduces mileage for state employees driving their private cars to ¾ of the IRS rate.

STATUS: Introduced in the House.

HB68 Garrett – Lobbyist Ban:

Prohibits agencies who receive appropriations from the ETF or GF from hiring lobbyists.

STATUS: Passed the House, and was referred to the Senate committee on Governmental Affairs.

HB155 Polizos/SB191 Chambliss – State Employees Pay Raise:

Gives state employees a 2% pay raise.

STATUS: Introduced.

HB346 Greer – Deferred Compensation Automatic Enrollment:

This bill automatically enrolls all state employees hired by January, 1, 2017 in the RSA-1 deferred compensation plan at a rate of \$10 per pay period with a 90 day opt out provision.

STATUS: Introduced in the House.

HB459 Pettus – Combine SEIB and PEEHIP Boards:

Combines SEIB and PEEHIP under a new Public Employee Health Insurance Board (PEHIB). It is a 96 page bill, most of which changes any references in the Code to SEIB and PEEHIP to now read as PEHIB.

STATUS: Awaits action by the State Government committee in the House.

SENATE:

SB69 Brewbaker – Legislative Subpoena Power:

Gives all standing committees of the Legislature subpoena power.

STATUS: Awaits third reading in the Senate.

SB81 Orr/HB239 Gaston– Public Contracts:

Requires that governmental contracts contain a “representation that the business entity is not currently engaged in, and an agreement that the business entity will not engage in, the boycott of a person or an entity based in or doing business with a jurisdiction with which this state can enjoy open trade.”

STATUS: SB81 passed the Senate and awaits third reading by the House. HB239 pending third reading in the House.

SB141 Reed/HB53 Ainsworth – Revolving Door:

This bill extends the application of the revolving door provision. The two year ban will now apply to those who work under consulting agreement, loan, agency transfer, etc. for an agency – not just employees. It also allows for outgoing directors/agency heads to contract with their previous agency under very specific terms for a maximum of three months to provide continuity during the transition.

STATUS: Enacted - Act number 2016-128.

SB190 Orr – Travel Expenses

Reduces the amount that state employees are reimbursed for mileage from the full IRS rate to the American Auto Daily Fuel Gauge Report. There has been a lot of discussion on this bill in committee, and they suggested working towards a possible compromise on what standard to apply when calculating employees’ reimbursement rate.

STATUS: Awaits committee action in the Senate.

SB210 Holtzclaw – Contract Review:

Establishes that the 45 day review period begins when a complete contract is submitted, and an additional 45 day review period begins if there is a request for more information.

STATUS: Awaits third reading in the House.

SB279 Dial – AL Code of Ethics:

This bill further clarifies what is not a thing of value, redefines widely attended event as no more than the number of people in the smallest legislative caucus, extends the revolving door provision for all elected officials, and requires the Ethics Commission must first find a violation of the ethics code before AG or DA can prosecute.

STATUS: Introduced in the Senate.