

Functional and Organizational Analysis of the State Employees' Insurance Board

Sources of Information

Representatives of the State Employees' Insurance Board

Crystal Bailey, Administrative Assistant
Kim Belcher, LAN Administrator
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Code of Alabama 1975, Sections 36-29-1 through 36-29-30.
Code of Alabama 1975, Sections 41-20-1 through 41-20-16 (Sunset Law)
Alabama Government Manual (1998)
Audit Report of the State Employees' Insurance Board

Historical Context

The State Employees' Insurance Board (SEIB) was created in 1965 by Legislative Act 833. The State Personnel Department started to manage SEIB on April 5, 1979. In September 1979, the responsibility was transferred to the Employees Retirement Systems of Alabama (RSA). Effective October 1, 1988, SEIB became an independent agency again.

Agency Organization

The State Employees' Insurance Board has eleven members. The five members of the State Personnel Board, the director of the Finance Department, and the secretary-treasurer of the Employees Retirement System of Alabama are *ex officio* members. In addition, two active state employees and two retired state employees are elected to serve on the board for four-year terms. The chairman of the State Personnel Board is *ex officio* chairman of the State Employees' Insurance Board. The board elects its other officers. The board hires an executive director and other necessary staff members to administer various health insurance plans for both state and local government employees. An organizational chart is attached.

Agency Function and Subfunctions

The mandated function of the State Employees' Insurance Board is to provide health insurance plans for both state and local government employees in Alabama. It also administers the Alabama Health Insurance Plan and the federal Children's Health Insurance Plan (All Kids) for eligible people in Alabama. The board is one of the agencies primarily involved in carrying out the Administrative

Support Operations function of Alabama government. In the performance of its mandated function, the State Employees' Insurance Board may engage in the following subfunctions:

- **Promulgating Rules and Regulations.** Code of Alabama, Section 36-29-12, authorizes the board to promulgate rules and regulations required for the administration of various health insurance plans for state/local government employees and eligible residents in Alabama.
- **Developing and Administering Health Insurance Plans.** In accordance with Code of Alabama, Section 36-29-4, the board is authorized to establish a health insurance plan for eligible employees, dependents, and retirees of the state. The state employees health insurance plan is a self-insured group health insurance program funded from the premiums of the participants. The plan provides a reasonable relationship between benefits provided and claims expected to be paid. The statutes governing the board require that the health insurance plan must also include controls to prevent unnecessary utilization of covered services and provide assurance of future stability.

The Local Government Health Insurance Program (LGHIP) was established by Legislative Act 92-303 to provide group health insurance coverage for employees of local government units, and certain organizations within the state. Effective April 1, 1993, the LGHIP began providing health insurance coverage to local government employees. The administrative responsibility for the LGHIP is vested with the State Employees' Insurance Board.

In addition, the board administers the Alabama Health Insurance Plan (AHIP). Created by state law in accordance with the federal Health Insurance Portability and Accountability Act of 1996, AHIP is designed for people who have exhausted health insurance coverage through a former employer and have no other healthcare coverage available.

The board also operates the federal Children's Health Insurance Plan (All Kids) for people under age 19 who do not have health insurance coverage and meet income requirements.

- **Administering the Flexible Employees' Benefit Plan.** The Legislature established in 1989 the Flexible Employees' Benefit Board to establish a flexible employee benefit plan which provides for payments or salary reductions for qualified benefits in compliance with section 125 of the Internal Revenue Code. Under the plan, state employees are allowed to pay for health/life insurance premiums, certain voluntary insurance coverages and dependent care expenses with pre-tax payroll. At the request of the Flexible Employees' Benefit Board, the State Employees' Insurance Board began assisting in the administration of the Flexible Employees' Benefit Plan in 1997 by acting as the coordinator with the contracted company, Erisa Administrative Services.
- **Implementing the Work-Site Wellness Program.** The State Employees' Insurance Board and the Department of Public Health jointly developed and implemented

a work-site wellness program for state employees in 1993. The program provides or sponsors the following services: health screening activities which include blood pressure, glucose and cholesterol evaluations; flu, pneumonia and tetanus vaccinations; and national employee health and fitness day.

- **Educating.** The State Employees' Insurance Board designs and contracts with a vendor to operate the Health Watch, a 24-hour telephone-based health information, clinical assessment, health counseling, and referral services staffed by registered nurses and other health counselors to assist consumers in making better health care decisions. Employees with internet availability can also contact SEIB's online services. In addition, the board publishes a monthly newsletter, Health Watch, to inform employees and their covered family members about issues that may affect their health or health insurance coverage.

- **Administering Internal Operations.** A significant portion of the agency's work includes general administrative, financial, and personnel activities performed to support the programmatic areas of the agency including:

Managing the agency: Activities include internal office management activities common to most government agencies such as corresponding and communicating, scheduling, meeting, documenting policy and procedures, reporting, litigating, legislating (drafting, lobbying, tracking), publicizing and providing information, managing records, and managing information systems and technology.

Managing finances: Activities include budgeting (preparing and reviewing budget package, submitting the budget package to the Department of Finance, documenting amendments and performance of the budget); purchasing (requisitioning and purchasing supplies and equipment, receipting and invoicing for goods, and authorizing payment for products received); accounting for the expenditure, encumbrance, disbursement, and reconciliation of funds within the agency's budget through a uniform system of accounting and reporting; authorizing travel; contracting with companies or individuals; bidding for products and services; and assisting in the audit process.

Managing human resources: Activities include recruiting and hiring eligible individuals to fill positions within the agency; providing compensation to employees; providing benefits to employees such as leave, health insurance, unemployment compensation, worker's compensation, injury compensation, retirement, and death benefits; supervising employees by evaluating performance, granting leave, and monitoring the accumulation of leave; training and providing continuing education for employees; and disciplining.

Managing properties, facilities, and resources: Activities include inventorying and accounting for non-consumable property and reporting property information to the appropriate authority; constructing buildings and facilities; leasing and/or renting offices or facilities; providing security for property owned by the agency; insuring property; and

assigning, inspecting and maintaining agency property, including vehicles.

Attachment: Organizational Chart

Analysis of Record Keeping System and Records Appraisal of the State Employees' Insurance Board

Agency Record Keeping System

The board currently operates a hybrid record keeping system composed of paper and electronic records.

Paper-based Systems: Staff members create and maintain most of the board's records in paper form

Computer Systems: The agency's computer system consists of a Wide Area Network (WAN) that comprises personal computers (PC) and other electronic peripherals. The agency has six servers running the Microsoft Windows NT 4 network operating system. Through the WAN, the board is connected to the Information Service Division's IBM mainframe for access to online Customer Information Control System (CICS) applications. These servers provide file sharing, database, and printing services to the agency's Local Area Network (LAN). The LAN consists of about fifty personal computers running either the Microsoft Windows NT 4 or the Microsoft Windows 2000 operating system. Servers are backed up daily.

The agency maintains a website at: <http://www.agencies.state.al.us/seib>. Information on the website includes health insurance guidelines and benefits, copies of Health Watch, board organization chart, and questions/answers. All information is also available in paper format.

Records Appraisal

The following is a discussion of the two major categories of records created and/or maintained by the State Employees' Insurance Board: Temporary Records and Permanent Records.

Is. Temporary Records. Temporary records should be held for what is considered to be their active life and disposed of once all fiscal, legal, and administrative requirements have been met. Some of the temporary records created by the division are discussed below:

- **State/Local Government Employees' Health Insurance Enrollment Files.** This series is created to document employees' enrollment in various health insurance programs. Included are health insurance enrollment forms, membership status change forms, declination of coverage forms, refund request forms, and copies of supporting documents. They must be kept for 7 years after separation of employee from the state if the employee does not have 10 or more years of service (vested interest). The recommended retention for employees who are vested is 75 years after date of creation. The retention is based on the fact that state/local government employees (active or separated) are eligible for enrolling in the health insurance as long as they wish. The long retention would be sufficient to cover the average life span of an individual employee after separation.

II. Permanent Records. The Government Records Division recommends the following records a permanent.

Promulgating Rules and Regulations:

- **Meeting Minutes of the State Employees' Insurance Board.** These records document rule and regulations developed by the board and should be retained permanently. (RDA page 3-2) **(Bibliographic Title: Meeting Minutes of the State Employees' Insurance Board)**
- **Meeting Minutes of the Alabama Health Insurance Plan Board.** The State Employees Insurance Board serves as the plan administrator for the Alabama Health Insurance Plan (AHIP). Created by state law in accordance with the federal Health Insurance Portability and Accountability Act of 1996, AHIP is designed for people who have exhausted health insurance coverage through a former employer and have no other healthcare coverage available. The Alabama Health Insurance Plan Board consists of the commissioner of insurance and eight members appointed by the commissioner of insurance. These records document articles bylaws, and procedures for operation of the plan adopted by the board and should be retained permanently. (RDA page 3-2) **(Bibliographic Title: Meeting Minutes of the Alabama Health Insurance Plan Board)**

Developing and Administering Health Insurance Plans:

- **Health Insurance Administrative Procedures Guides.** These guides contain general information on a particular health insurance plan and benefits, eligibility for participation enrollment instructions, termination of coverage, billing procedures, and all necessary blank forms (enrollment form, membership status change form, declination of coverage form, an, request for refund). This series reflects courses of action which the board has adopted to carry out its responsibilities. (RDA page 3-2) **(Bibliographic Title: Health Insurance Administrative Procedures Guides)**

Administering Flexible Employees' Benefit Plan:

The agency currently creates no permanent records under this subfunction.

Implementing the Worksite Wellness Program:

- **Worksite Wellness Program Statistical Graphs and Summaries.** The board staff compile periodical statistical graphs and aggregate summaries for the results of the annual worksite wellness program screening and the quarterly blood pressure checks. These records are used for presentation to the board's adjunct medical advisory board for feedback and suggestions. This series possesses information which might be useful for tracking the impact of the program on state/local government employees. (RDA, page 3-3) **(Bibliographic Title: Statistical Reports of the Worksite Wellness Program)**

Educating:

- **Informational and Promotional Publications.** The board publishes and compile publications to promote and advertise various services and events performed for the coveri members. This series includes, but are not limited to, the board's newsletter- Health Watch Health Wise Handbook: A Self-Care Manual for You, brochures, and other materials issue in print that are distributed for informational purposes. (RDA page 3-3) **(Bibliographic Title Informational and Promotional Publications)**

Permanent Records List State Employees' Insurance Board

Promulgating Rules and Regulations:

1. Meeting Minutes of the State Employees' Insurance Board
2. Meeting Minutes of the Alabama Health Insurance Plan Board

Developing and Administering Health Insurance Plans:

1. Health Insurance Administrative Procedures Guides

Implementing the Worksite Wellness Program:

1. Worksite Wellness Program Statistical Graphs and Summaries

Educating:

1. Informational and Promotional Publications

State Employees' Insurance Board Records Disposition Authority

This Records Disposition Authority (RDA) is issued by the State Records Commission under the authority granted by the Code of Alabama 1975, Sections 41-13-5 and 41-13-20 through 21. It was compiled by the Government Records Division, Alabama Department of Archives and History (ADAH), which serves as the commission's staff, in cooperation with representatives of the State Employees' Insurance Board. The RDA lists records created and maintained by the State Employees' Insurance Board in carrying out its mandated functions and activities. It establishes retention periods and disposition instructions for those records and provides the legal authority for the board to implement records destruction.

Alabama law requires public officials to create and maintain records that document the business of their offices. These records must be protected from "mutilation, loss, or destruction," so that they may be transferred to an official's successor in office and made available to members of the public. Under Code of Alabama 1975, Section 36-12-40, "every citizen has a right to inspect and take a copy of a public writing in this state, except as otherwise expressly provided by statute." Records must be kept in accordance with auditing standards approved by the Examiners of Public Accounts (Code of Alabama 1975, Sections 36-12-2, 36-12-4, and 41-5-23). For assistance in implementing this RDA or for advice on records disposition or other records management concerns, contact the ADAH Government Records Division at (334) 242-4452.

Explanation of Records Requirements

- This RDA supersedes any previous records disposition schedules governing the retention of the State Employees' Insurance Board's records. Copies of superseded schedules are no longer valid and should be discarded.
- The RDA establishes retention and disposition instructions for records regardless of the medium on which those records may be kept.
- Electronic mail is a communications tool that may record permanent or temporary information. As for records in any other format, the retention periods for e-mail records are governed by the requirements of the subfunctions to which the records belong.
- Some temporary records listed under the Administering Internal Operations subfunction of this RDA represent duplicate copies of records listed for long-term or permanent retention in the RDAs of other agencies.
- Certain record-related materials need not be retained as records under the disposition requirements in this RDA. They may be disposed of in whatever way the division determines best. Such materials include: (1) duplicate record copies that do not require official action, so long as the creating office maintains the original record for the period required; (2) catalogs, trade journals, and other publications received that require no action and do not document government activities; (3) stocks of blank stationery, blank forms, or other surplus materials that are not subject to audit and have become obsolete; (4) transitory records,

which f temporary records created for short-term internal purposes that may include, but are not limit to: telephone call-back messages; drafts of ordinary documents not needed for their evident value; copies of material sent for information purposes but not needed by the receiving offi for future business; and internal communications about department social activities, such a note to a group going to lunch.

Records Disposition Requirements

This section of the RDA is arranged by subfunctions of the State Employees' Insurance Board and lists the groups of records created and/or maintained by the board as a result of activities and transactions performed in carrying out these subfunctions. The board may submit requests to revise specific recoi disposition requirements to the State Records Commission for consideration at its regular quartet meetings.

■ Promulgating Rules and Regulations

MEETING MINUTES OF THE STATE EMPLOYEES' INSURANCE BOARD

Disposition: PERMANENT RECORD.

MEETING MINUTES OF THE ALABAMA HEALTH INSURANCE PLAN BOARD

Disposition: PERMANENT RECORD.

Recordings of Minutes

Disposition: Temporary Record. Retain until completion of one audit and release of the audit repo

■ Developing and Administering Health Insurance Plans

HEALTH INSURANCE ADMINISTRATIVE PROCEDURES GUIDES

Disposition: PERMANENT RECORD.

State Employees' Health Insurance Enrollment Files

Disposition: Temporary Record.

Records of employees who have not vested: Retain 7 years after separation of employee from the sta

Records of employees who have vested: Retain 75 years after date of creation.

Local Government Employees' Health Insurance Enrollment Files

Disposition: Temporary Record.

Records of employees who have not vested: Retain 7 years after separation of employee from the sta

Records of employees who have vested: Retain 75 years after date of creation.

Alabama Health Insurance Plan Enrollment Files

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the subscrip reaches age 65.

Alabama Children's Health Insurance Plan Enrollment Files

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the subscriber reaches age 19.

Health Insurance Plan Contracts

Disposition: Temporary Record. Retain 7 years after expiration of the contract.

■ **Administering the Flexible Employees' Benefit Plan**

Flexible Employees' Benefit Plan Accounting Receipts/Payment Vouchers

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the record was created.

■ **Implementing the Work-Site Wellness Program**

WORKSITE WELLNESS PROGRAM STATISTICAL GRAPHS AND SUMMARIES Disposition: PERMANENT RECORD.

Worksite Wellness Program Health Screening Forms

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the record was created.

■ **Educating**

INFORMATIONAL AND PROMOTIONAL PUBLICATIONS

Disposition: PERMANENT RECORD.

Monthly Health Insurance Utilization Management Reports

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the record was created.

Monthly Health Watch Information Service System Statistical Reports

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the record was created.

■ **Administering Internal Operations**

Managing the Agency:

Routine Correspondence/Memoranda

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the record was created.

Administrative Reference Files

Disposition: Temporary Record. Retain for useful life.

Mailing Lists

Disposition: Temporary Record. Retain for useful life.

Records documenting the implementation of the board's approved RDA (copies of transmittal form to the Archives and the State Records Center, evidence of obsolete records destroyed, and annual reports to the State Records Commission)

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the records were created.

Copies of RDA

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the RDA superseded.

Computer systems documentation (hardware/ software manuals and diskettes, warranties, records access/authorities, file naming conventions, Y2K records)

Disposition: Temporary Record. Retain documentation of former system 3 years after the end of the fiscal year in which the former hardware and software no longer exists anywhere in the board and the permanent records have been migrated into a new system.

Managing Finances:

Records documenting the preparation of a budget package and reporting of the status of funds requesting amendments of allotments, and reporting program performance

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the records were created.

Records documenting the requisitioning and purchasing of supplies and equipment, receipting and invoicing for goods, and authorizing payment for products

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the records were created.

Records of original entry or routine accounting transactions, such as journals, registers, ledgers, and funds deposited outside the state treasury.

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the records were created.

Records documenting requests for authorization from supervisors to travel on official business either within or outside the state, and other related materials, such as travel reimbursement forms and itineraries

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the records were created.

Records documenting contracts for services or personal property

Disposition: Temporary Record. Retain 6 years after expiration of the contract.

Records documenting the bid process, including requests for proposals and unsuccessful responses:

Disposition: Retain in office (Code of Alabama 1975, Section 41-16-24).

Audit Reports

Disposition: Temporary Record. Retain 6 years after the end of the fiscal year in which the records were created.

Managing Human Resources:

Job Recruitment Materials

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the records were created.

Position Classification Files

Disposition: Temporary Record. Retain 4 years after position is reclassified.

Application Materials

Disposition: Temporary Record. Retain 1 year.

Records documenting payroll (e.g. pre-payroll reports, payroll check registers)

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the records were created.

Records documenting payroll deduction authorizations

Disposition: Temporary Record. Retain 6 years after separation of the employee from the agency

Records documenting payroll deductions for tax purposes (including Form 941)

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the records were created.

Records documenting an employee's work history - generally maintained as a case file

Disposition: Temporary Record. Retain 6 years after separation of employee from the agency.

Records documenting employees' daily and weekly work schedules

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the records were created.

Records documenting employee disciplinary actions (reprimands, demotions, transfers, termination appeals, and administrative hearings)

Disposition: Temporary Record. Retain 3 years following decision.

Records documenting an employee's hours worked, leave earned, and leave taken (including time sheets)

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the records were created.

Records documenting sick leave donations

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the records were created.

Employee Flexible Benefits Plan Files

Disposition: Temporary Record. General information -- Retain until superseded.

Other (applications, correspondence) -- Retain 6 years after termination of participation in program

State Employee Injury Compensation Trust Fund Files

Disposition: Temporary Record. Retain 6 years after separation of the employee from the agency.

Equal Employment Opportunity Commission Case Files

Disposition: Temporary Record. Retain 3 years.

Managing Properties, Facilities, and Resources: Semiannual Inventory Lists

Disposition: Retain in office. (Code of Alabama 1975, Section 36-16-8 [1]).

Transfer of State Property Forms (SD-1) (Agency copies)

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the recon were created.

Property Inventory Cards and/or Computer Files

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the items were removed from inventory.

Receipts of Responsibility for Property

Disposition: Temporary Record. Retain until return of item to property manager.

Real Property Leasing/Renting Records

Disposition: Temporary Record. Retain 6 years after expiration of the lease.

Facilities/Building Security Records (including visitor logs)

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the records were created.

Insurance Policies/Risk Management Records

Disposition: Temporary Record. Retain 6 years after termination of policy or membership.

Building Maintenance Work Orders

Disposition: Temporary Record. Retain 1 year.

Approval of Records Disposition Authority

By signing this agreement the State Employees' Insurance Board acknowledges its responsibilities for the proper management of its records and agrees to abide by the implementation guidelines listed below:

- The State Employees' Insurance Board will designate a managerial position as the board records officer. This position is responsible for: ensuring the development of quality record keeping systems that meet the business and legal needs of the board, coordinating the transfer and destruction of records, ensuring that permanent records held on alternative storage media (such as microforms and digital imaging systems) are maintained in compliance with national and state standards, submitting an annual report on records management activities to the State Records Commission in January of each year, and ensuring the regular implementation of the board's approved RDA.

- Permanent records in the State Employees' Insurance Board's custody will be maintained under proper intellectual control and in an environment that will ensure their physical order and preservation.
- Destruction of temporary records, as authorized in this RDA, should occur board-wide on a regular basis--for example, after the successful completion of an audit, at the end of an administration, or at the end of a fiscal year. Despite the RDA's provisions, no record should be destroyed that is necessary to comply with requirements of the state Sunset Act, and requirements, or any legal notice or subpoena.
- The board should maintain full documentation of any computerized record-keeping system employed. It should develop procedures for: (1) backing up all permanent records held in electronic format; (2) storing a back-up copy off-site; and (3) migrating all permanent records when the system is upgraded or replaced. If the division chooses to maintain permanent records solely in electronic format, it is committed to funding any system upgrades and migratory strategies necessary to ensure the records' permanent preservation and accessibility.
- The State Employees' Insurance Board agrees to allow the staff of the State Records Commission or the Examiners of Public Accounts to examine the condition of the permanent records maintained in the custody of the board and to inspect records destruction documentation. Government Records Division archivists are available to train the staff in RDA implementation and otherwise assist the board in implementing its records management program.

This records disposition authority is hereby adopted.

By: _____
 William L. Ashmore, Executive Director
 State Employees' Insurance Board

Date: _____

By: _____
 Edwin C. Bridges, Chairman
 State Records Commission

Date: _____