A BILL

FOR AN ACT ENTITLED

"An Act relating to major medical insurance coverage under the Public Employees'

Retirement System of Alaska for certain surviving spouses and dependent children of

peace officers and firefighters; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. AS 39.30.400(b) is amended to read:

(b) Upon application of an eligible person, the administrator shall reimburse to

the eligible person the costs for medical care expenses as defined in 26 U.S.C. 213(d).

Reimbursement is limited to the medical expenses of

(1) an eligible member, the spouse of an eligible member, and the

dependent children of an eligible member; [OR]

(2) a surviving spouse and the dependent children of an eligible

member dependent on the surviving spouse; or

(3) an eligible member's dependent children if the member dies

and there is no surviving spouse.
*Sec. 2.* AS 39.35.535(a) is amended to read:

(a) Except as provided in (d) of this section, the following persons are entitled to major medical insurance coverage under this section:

(1) for employees first hired before July 1, 1986,

(A) an employee who is receiving a monthly benefit from the plan and who has elected coverage;

(B) the spouse and dependent children of the employee described in (A) of this paragraph;

(C) the surviving spouse of a deceased employee who is receiving a monthly benefit from the plan and who has elected coverage;

(D) the dependent children of a deceased employee who are dependent on the surviving spouse described in (C) of this paragraph;

(2) for members first hired on or after July 1, 1986,

(A) an employee who is receiving a monthly benefit from the plan and who has elected coverage for the employee;

(B) the spouse of the employee described in (A) of this paragraph if the employee elected coverage for the spouse;

(C) the dependent children of the employee described in (A) of this paragraph if the employee elected coverage for the dependent children;

(D) the surviving spouse of a deceased employee who is receiving a monthly benefit from the plan and who has elected coverage;

(E) the dependent children of a deceased employee who are dependent on the surviving spouse described in (D) of this paragraph if the surviving spouse has elected coverage for the dependent children;

(3) for deceased members who were peace officers or firefighters,

(A) the dependent children of the deceased member who are eligible to receive a pension benefit under AS 39.35.430 and for whom coverage has been elected;

(B) the surviving spouse of the deceased member who has elected coverage and is eligible to receive a pension benefit under AS 39.35.430.
*Sec. 3.* AS 39.35.535(c) is amended to read:

(c) A benefit recipient may elect major medical insurance coverage in accordance with regulations and under the following conditions:

1. a person, other than a disabled member or a disabled member who is appointed to normal retirement, must pay an amount equal to the full monthly group premium for retiree major medical insurance coverage if the person is
   - (A) younger than 60 years of age and has less than
     - (i) 25 years of credited service as a peace officer under AS 39.35.360 and 39.35.370; or
     - (ii) 30 years of credited service under AS 39.35.360 and 39.35.370 that is not service as a peace officer; or
   - (B) of any age and has less than 10 years of credited service;
   - (2) a person is not required to make premium payments for retiree major medical coverage if the person
     - (A) is a disabled member;
     - (B) is a disabled member who is appointed to normal retirement;
     - (C) is 60 years of age or older and has at least 10 years of credited service; [OR]
     - (D) has at least
       - (i) 25 years of credited service as a peace officer under AS 39.35.360 and 39.35.370; or
       - (ii) 30 years of credited service under AS 39.35.360 and 39.35.370 not as a peace officer; or
     - (E) is receiving a benefit under (a)(3) of this section.

*Sec. 4.* AS 39.35.535 is amended by adding a new subsection to read:

(g) Notwithstanding cessation of benefits under AS 39.35.430(c), medical benefits for a surviving spouse under (a)(3)(B) of this section may not be paid for more than 10 years or after the surviving spouse remarries, whichever occurs first.

*Sec. 5.* AS 39.35.870(c) is repealed and reenacted to read:

(c) The following persons are eligible to elect medical benefits under
AS 39.35.880:

(1) a member who is eligible for retirement under (a) of this section;

(2) a member's surviving spouse if the member had retired or was eligible for retirement and medical benefits at the time of the member's death;

(3) a deceased member's surviving spouse, if the deceased member was a peace officer or firefighter and the deceased member's surviving spouse is eligible to receive a benefit under AS 39.35.892; and

(4) a deceased member's dependent children if the deceased member was a peace officer or firefighter and the deceased member's surviving spouse or dependent children are eligible to receive a benefit under AS 39.35.892.

* Sec. 6. AS 39.35.870(d) is amended to read:

(d) A person [MEMBERS] shall apply for retirement and medical benefits on the forms and in the manner prescribed by the administrator.

* Sec. 7. AS 39.35.870(g) is repealed and reenacted to read:

(g) If an eligible person elects not to participate in the retiree major medical insurance plan, the election becomes irrevocable upon application for retirement and medical benefits or when the person reaches 70 1/2 years of age, whichever is later.

* Sec. 8. AS 39.35.870 is amended by adding a new subsection to read:

(h) Notwithstanding cessation of benefits under AS 39.35.892(b), medical benefits for a surviving spouse under (c)(3) of this section may not be paid for more than 10 years or after the surviving spouse remarries, whichever occurs first.

* Sec. 9. AS 39.35.880(b) is repealed and reenacted to read:

(b) Retiree major medical insurance plan coverage elected by a person who is eligible under AS 39.35.870(c) covers

(1) the member, the spouse of the eligible member, and the dependent children of the eligible member if the member is the elector;

(2) the surviving spouse and the dependent children of the eligible member who are dependent on the surviving spouse if the surviving spouse is the elector;

(3) the dependent child if the dependent child, or a person authorized to act on behalf of the dependent child, is the elector.
*Sec. 10.* AS 39.35.880(d) is amended to read:

(d) Major medical insurance coverage takes effect on the first day of the month following the date of the administrator's approval of the election and stops when the person who elects coverage **is no longer eligible to receive coverage** [DIES] or fails to make a required premium payment.

*Sec. 11.* AS 39.35.880(g) is amended to read:

(g) The cost of premiums for retiree major medical insurance coverage for an eligible person [MEMBER OR SURVIVING SPOUSE] who is

(1) not eligible for Medicare is an amount equal to the full monthly group premiums for retiree major medical insurance coverage;

(2) eligible for Medicare is the following percentage of the premium amounts established for retirees who are eligible for Medicare:

(A) 30 percent if the member had 10 or more, but less than 15, years of service;

(B) 25 percent if the member had 15 or more, but less than 20, years of service;

(C) 20 percent if the member had 20 or more, but less than 25, years of service;

(D) 15 percent if the member had 25 or more, but less than 30, years of service;

(E) 10 percent if the member had 30 or more years of service.

*Sec. 12.* AS 39.35.880 is amended by adding a new subsection to read:

(l) Notwithstanding (g) of this section, a person who is eligible for major medical insurance coverage under AS 39.35.870(c)(3) or (4) is not required to pay premiums under (g)(1) of this section.

*Sec. 13.* AS 39.35.880(c) is repealed.

*Sec. 14.* The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: REGULATIONS. (a) The Department of Administration may adopt regulations necessary to implement this Act. Regulations adopted by the Department of Administration under this Act relate to the internal management of a state agency and are not
subject to AS 44.62 (Administrative Procedure Act) under AS 39.30.160 and AS 39.35.005.

(b) Regulations adopted under this section may not take effect before the effective date of the law being implemented by the regulation.

* Sec. 15. The uncodified law of the State of Alaska is amended by adding a new section to read:

    RETROACTIVITY. Sections 1 - 13 of this Act are retroactive to January 1, 2013.

* Sec. 16. Section 14 of this Act takes effect immediately under AS 01.10.070(c).

* Sec. 17. Except as provided in sec. 16 of this Act, this Act takes effect January 1, 2017.