

# Fiscal Note

State of Alaska  
2016 Legislative Session

|                     |           |
|---------------------|-----------|
| Bill Version:       | HB 4002   |
| Fiscal Note Number: | 1         |
| (H) Publish Date:   | 5/23/2016 |

Identifier: DOA-OOC-05-22-16  
Title: INS. FOR DEPENDS. OF DECEASED  
FIRE/POLICE  
Sponsor: RLS BY REQUEST OF THE GOVERNOR  
Requester: Governor

Department: Department of Administration  
Appropriation: Centralized Administrative Services  
Allocation: Office of the Commissioner  
OMB Component Number: 45

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

|                        | FY2017<br>Appropriation<br>Requested | Included in<br>Governor's<br>FY2017<br>Request | Out-Year Cost Estimates |            |            |            |            |
|------------------------|--------------------------------------|------------------------------------------------|-------------------------|------------|------------|------------|------------|
| OPERATING EXPENDITURES | FY 2017                              | FY 2017                                        | FY 2018                 | FY 2019    | FY 2020    | FY 2021    | FY 2022    |
| Personal Services      |                                      |                                                |                         |            |            |            |            |
| Travel                 |                                      |                                                |                         |            |            |            |            |
| Services               |                                      |                                                |                         |            |            |            |            |
| Commodities            |                                      |                                                |                         |            |            |            |            |
| Capital Outlay         |                                      |                                                |                         |            |            |            |            |
| Grants & Benefits      |                                      |                                                |                         |            |            |            |            |
| Miscellaneous          |                                      |                                                |                         |            |            |            |            |
| <b>Total Operating</b> | <b>0.0</b>                           | <b>0.0</b>                                     | <b>0.0</b>              | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

## Fund Source (Operating Only)

|              |            |            |            |            |            |            |            |
|--------------|------------|------------|------------|------------|------------|------------|------------|
| None         |            |            |            |            |            |            |            |
| <b>Total</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

## Positions

|           |  |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |  |

|                           |  |  |  |  |  |  |  |
|---------------------------|--|--|--|--|--|--|--|
| <b>Change in Revenues</b> |  |  |  |  |  |  |  |
|---------------------------|--|--|--|--|--|--|--|

**Estimated SUPPLEMENTAL (FY2016) cost:** 0.0 (separate supplemental appropriation required)  
(discuss reasons and fund source(s) in analysis section)

**Estimated CAPITAL (FY2017) cost:** 0.0 (separate capital appropriation required)  
(discuss reasons and fund source(s) in analysis section)

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed?

## Why this fiscal note differs from previous version:

Not applicable; initial version.

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Approved By: Sheldon Fisher, Commissioner  
Agency: Department of Administration

Phone: (907)465-3225  
Date: 05/22/2016 05:20 PM  
Date: 05/22/16

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2016 LEGISLATIVE SESSION

## Analysis

The purpose of the bill is to provide system-paid major medical coverage for PERS survivors of Peace Officer/Firefighters whose death occurs before the member's retirement and while in the performance and within the scope of the member's duties (occupational deaths). Surviving spouses and dependents would be allowed to commence subsidized medical coverage immediately upon the occupational death of a current member. This change did not impact Tier 1 members of PERS nor any members of PERS "All Others" or Teachers.

Under the existing PERS Defined Contribution Plan, no person is eligible for 100% system-paid major medical benefits. The draft bill would allow for a 100% premium subsidy for major medical benefits for eligible persons who are survivors of employees who were peace officers or firefighters. The 100% premium subsidy changes to a normal premium subsidy at Medicare age (e.g., 65). The HRA can then be used to fund the portion of the premium for which the spouse is responsible.

The PERS Defined Contribution Plan requires members to "retire directly from the plan" in order to be eligible for medical benefits. The bill removes that language from the plan only as it applies to eligible survivors of a peace officer and firefighter whose death occurs as a result of the job.

The proposed changes will be retroactive to January 1, 2013.

An actuarial analysis of this bill is pending.