

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101


State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

April 3, 2013

**SUBJECT:** Sectional Summary HB 196 (Work Order No. 28-LS0729\A)

**TO:** Representative Lynn Gattis  
Attn: Erick Cordero-Giorgana

**FROM:** Dan Wayne   
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Adds to the duties of regional school boards the duty to establish and maintain school district participation in a policy of group insurance, selected by the State of Alaska, that provides medical insurance.

Section 2. Allows the commissioner of administration to expend from the public education fund (AS 14.17.300) to the group health and life benefits fund (AS 39.30.095) a total of \$100,000,000, or less, as needed to pay claims submitted by school district employees who are covered by a policy of self-insurance provided by the state; and, requires the commissioner of administration to repay the public education fund, over a period of 10 years, the full amount of the commissioner's expenditures from the public education fund.

Section 3. (a) Requires school districts to participate in a policy of insurance that provides medical insurance coverage to state employees and to school district employees. (b) Requires school districts to contribute to the group health and life benefits fund (AS 39.30.095) based on rates set by the commissioner of administration. (c) Requires school districts to reimburse the state for procuring excess loss insurance if the state provides insurance benefits to school district employees under a policy of self-insurance. (d) Requires school districts to reimburse, over a period not to exceed 10 years, the Department of Administration's cost of paying insurance claims by school district employees for the first four months school district employees are covered by a policy of self-insurance provided by the State of Alaska. (e) Allows a school district to require its employees to pay some or all of the money that this bill section would require the school district to pay to the state.

Section 4. Requires the Department of Administration to add school district employees to a policy of group insurance that is obtained by the state under AS 39.30.090(a) to cover state employee medical benefits, and requires that each eligible employee and the employee's spouse and dependent children be covered under that policy.

Section 5. Adds a definition of "school district" to AS 39.30.090, because of the changes indicated in bill section 4.

Section 6. Authorizes the Department of Administration to provide medical insurance coverage to school district employees by means of self-insurance.

Section 7. Requires the Department of Administration to procure excess loss insurance in connection with providing medical coverage to school district employees under a policy of self-insurance, and allows the Department to allocate the cost of the excess loss insurance across all school districts that are covered by the policy of self-insurance.

Section 8. Clarifies existing statutory language that authorizes the commissioner of administration to adopt regulations to implement AS 39.30.090 - 39.30.097.

Section 9. Makes sections 1 - 8 and section 10 of the bill inapplicable to collective bargaining agreements and other contracts that become legally binding before the effective date of those bill sections.

Section 10. Requires certain self-insured school districts to transfer the closing balance of their self-funded insurance reserve accounts soon after they enroll in a health care plan administered by the state, and requires that when transferred by a school district these amounts will be applied to offset reimbursements owed by that school under AS 14.20.137(d), a provision proposed in section 3 of the bill.

Section 11. Authorizes the commissioner of administration to adopt regulations necessary to implement the changes made by the bill, to take effect after the effective date of the changes made by the bill.

Section 12. Makes sections 10 and 11 of the bill effective immediately, subject to the restrictions set forth in those sections.

Section 13. Makes the bill's provisions effective date July 1, 2014, except as provided in bill section 12.