

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: HB 196
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB196-EED-K12-4-4-13
Title: SCHOOL DISTRICT EMPLOYEE HEALTH
INSURANCE
Sponsor: EDUCATION
Requester: House Education Committee

Department: Department of Education and Early Development
Appropriation: K-12 Support
Allocation: Foundation Program
OMB Component Number: 141

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

| | FY2014 | Included in | Out-Year Cost Estimates | | | | |
|-------------------------------|-------------------------|---------------------------|-------------------------|----------------|----------------|----------------|----------------|
| | Appropriation Requested | Governor's FY2014 Request | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 |
| OPERATING EXPENDITURES | FY 2014 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 |
| Personal Services | | | | | | | |
| Travel | | | | | | | |
| Services | | | | | | | |
| Commodities | | | | | | | |
| Capital Outlay | | | | | | | |
| Grants & Benefits | | | | | | | |
| Miscellaneous | | | | | | | |
| Total Operating | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Fund Source (Operating Only)

| | | | | | | | |
|--------------|------------|------------|------------|------------|------------|------------|------------|
| None | | | | | | | |
| Total | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Positions

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

| | | | | | | | |
|---------------------------|--|--|--|--|--|--|--|
| Change in Revenues | | | | | | | |
|---------------------------|--|--|--|--|--|--|--|

Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/14

Why this fiscal note differs from previous version:

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|-----------------|
| Initial version |
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| | | | |
|--------------|------------------------------|--------|---------------------|
| Prepared By: | Elizabeth Nudelman, Director | Phone: | (907)465-8679 |
| Division: | School Finance & Facilities | Date: | 04/04/2013 02:00 PM |
| Approved By: | Mike Hanley | Date: | 04/04/13 |
| | Commissioner | | |

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. HB196

Analysis

Section 1 of the bill adds to AS 14.08.111, duties of regional school boards the new duty to establish and maintain participation in a policy of group insurance.

Section 2 amends AS 14.17.300 to allow the Commissioner of Administration to spend funds from the Public Education Fund (PEF) to pay claims submitted by covered school district employees under the legislations health insurance provisions. The bill provides that funds spent from the Public Education Fund at 14.17.300 by the Commissioner of Administration be repaid over ten years, and that total expenditures not exceed \$100,000,000.

Alaska Statute 14.17.300 currently requires that funds expended from the Public Education Fund (PEF) may only be for state aid of public schools through the funding formulas AS 14.17 and AS 14.09.010. This bill proposes a purpose that is in conflict, therefore to maintain the integrity and the legislative intent for the creation of the fund, an approach other than the use of the PEF should be developed to address the bills funding mechanism.

Any funding removed from the PEF for non-formula programs will be taken from the current year or forward funding component depending on the level of funding in the PEF. If the state wishes to maintain current year and forward funding, an annual appropriation for the amount borrowed for health insurance less those amounts that have been repaid would need to be deposited or subtracted from the PEF.

Section 3 amends 14.20 by adding a new section that requires, starting July 1, 2015, participation by school districts in a policy of health insurance coverage for employees selected by the commissioner of administration.

Districts shall be required to contribute to group health and life benefits fund established under AS 39.30.095. Districts shall be required to reimburse the Department of Administration an amount equal to the state's cost, if any, of procuring necessary excess loss insurance.

School districts shall be required to reimburse the Department of Administration the cost of paying insurance claims for the first four months employees of the school district are covered by a policy of self-insurance under AS 39.30.091, and the commissioner shall allow the reimbursement to be made in equal installments over a period not to exceed 10 years from the date the school district's participation in the policy begins.

School districts may require employees of the district to pay some or all of the school districts contribution.

Sections 4 -11 of this bill relate to the Department of Administration.

Sections 12 and 13 provide for effective dates.