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Wallace/Wayne
6/17/16

CS FOR HOUSE BILL NO. 4002(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FOURTH SPECIAL SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

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.

1 * **Sec. 3.** AS 39.35.535(c) is amended to read:

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

4 (1) a person, other than a disabled member or a disabled member who
5 is appointed to normal retirement, must pay an amount equal to the full monthly group
6 premium for retiree major medical insurance coverage if the person is

7 (A) younger than 60 years of age and has less than

8 (i) 25 years of credited service as a peace officer under
9 AS 39.35.360 and 39.35.370; or

10 (ii) 30 years of credited service under AS 39.35.360 and
11 39.35.370 that is not service as a peace officer; or

12 (B) of any age and has less than 10 years of credited service;

13 (2) a person is not required to make premium payments for retiree
14 major medical coverage if the person

15 (A) is a disabled member;

16 (B) is a disabled member who is appointed to normal
17 retirement;

18 (C) is 60 years of age or older and has at least 10 years of
19 credited service; [OR]

20 (D) has at least

21 (i) 25 years of credited service as a peace officer under
22 AS 39.35.360 and 39.35.370; or

23 (ii) 30 years of credited service under AS 39.35.360 and
24 39.35.370 not as a peace officer; or

25 **(E) is receiving a benefit under (a)(3) of this section.**

26 * **Sec. 4.** AS 39.35.870(c) is repealed and reenacted to read:

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

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

30 (2) a member's surviving spouse if the member had retired or was
31 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, 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. 5.** 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. 6.** 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. 7.** 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 survivor under (c)(3) and (4) of this section may not be paid for a

(1) dependent child for more than 10 years; or

(2) surviving spouse for more than 10 years or after the surviving spouse remarries, whichever occurs first.

* **Sec. 8.** 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. 9.** 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. 10.** 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. 11.** AS 39.35.880 is amended by adding a new subsection to read:

(I) 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. 12.** AS 39.35.894 is amended to read:

Sec. 39.35.894. Premiums for retiree major medical insurance coverage upon termination of disability benefits or survivor's pension. The premium for retiree major medical insurance coverage payable by an employee whose disability benefit is terminated under AS 39.35.890(g) or by an eligible survivor whose survivor pension is terminated under AS 39.35.890(k) [OR 39.35.892(e)] when the employee would have been eligible for normal retirement if the employee had survived shall be determined under AS 39.35.880(g)(2) as if the employee or survivor were eligible for

1 Medicare.

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

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

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

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

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

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

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

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