

# LEGAL SERVICES

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## MEMORANDUM

April 7, 2015

**SUBJECT:** Changes to bill in draft version "N"  
(CSHB 66; Work Order No. 29-LS0357\N)

**TO:** Representative Charisse Millett  
Attn: Grace Abbott

**FROM:** Daniel C. Wayne   
Legislative Counsel

You have requested an explanation of changes to HB 66 (Work Order No. 29-LS0357\A) that were made in the above-referenced draft CSHB 66( ). HB 66 is based on a draft provided to this office by the Department of Law. Subsequently your staff directed that changes, including changes requested by the Department of Law, be made to the bill. The changes in sections 1 - 24 of draft version "N" are generally the result of a collaboration between this office and the Department of Law to incorporate some of the changes requested by the Department of Law.<sup>1</sup> Those changes are summarized as follows:

**Page 2, lines 1 - 3, and line 13** (page 2, lines 1 - 4 and 14 - 16):<sup>2</sup> changes clarify when major medical benefits are available to dependent children of deceased teachers, under AS 14.25.168(a). Changes eliminate a requirement that the children be dependent on the surviving spouse in order to qualify.

**Page 2, lines 14 - 19** (page 2, lines 17 - 22): changes clarify that under AS 14.25.168(a)(3) major medical benefits are available to spouses and dependent children of deceased teachers who are eligible for any kind of pension under

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<sup>1</sup> As a preliminary matter, you may want to consult with the Department of Law to determine whether their understanding of the draft version "N" is consistent with this memo. Also, please note that a summary of a bill's provisions should not be considered an authoritative interpretation, and the bill itself is the best statement of its contents.

<sup>2</sup> We provided a three color representation of the two drafts combined, on April 6, 2015, identifying differences between HB 66 and draft version "N." Because the combined document is longer than draft version "N," the page and line citations to the two documents differ. The page and line citations to the combined document are included in this memo, in parentheses, to aid cross-referencing between documents. The page and line citations to draft version "N" are not in parentheses.

AS 14.25.157, not just a monthly survivor's pension. As I understand it, this change is intended to prevent the benefit plan administrator from interpreting certain provisions of AS 14.25.157 to require a cessation of major medical benefits provided under AS 14.25.168(a) on the date when, if the deceased teacher had survived, the deceased teacher would have qualified for normal retirement, the monthly survivor's pension would therefore terminate, and, without the changed language, (according to one interpretation), the survivors' eligibility for major medical insurance would cease.

**Page 2, line 30, through page 3, line 7** (page 3, lines 2 - 10): adds a new bill section eliminating the requirement that an active member of the defined contribution plan in the teachers' retirement system has to retire directly from that plan in order to qualify for medical benefits. The new bill section clarifies that a member of the defined contribution plan is eligible to retire from that plan if the member has 30 years of service or reaches normal retirement age and has at least 10 years of service.

**Page 3, lines 14 - 17** (page 3, lines 17 - 22): changes clarify that a deceased member's surviving spouse and dependent children are eligible to elect medical benefits under AS 14.25.480 if they have received any kind of benefit under AS 14.25.487 -- instead of when they have been determined to be eligible for a monthly survivor's pension under AS 14.25.487. As I understand it, this change is intended to prevent the benefits administrator from interpreting certain provisions of AS 14.25.487 to require a cessation of major medical benefits provided under AS 14.25.480 on the date when, if the deceased teacher had survived, the deceased teacher would have qualified for retirement, and, without the changed language, (according to one interpretation), the survivors' eligibility for major medical insurance would cease.

**Page 3, lines 23 - 24** (page 3, line 29): requires that an election by a member of the defined contribution plan in the teachers' retirement system not to participate in the retiree major medical insurance plan may become irrevocable upon application for retirement and benefits, instead of upon application for employment.

**Page 3, lines 26 - 28** (page 4, lines 1 - 3): adds a new subsection (h) to AS 14.25.470, clarifying that even if monthly survivor pension benefits under AS 14.25.487(b) cease, medical insurance coverage under the defined contribution plan of the teachers' retirement system, for a deceased teacher's surviving spouse and dependent children, will continue to be paid.

**Page 3, line 30, through page 4, line 6** (page 4, lines 7 - 14): changes clean up AS 14.25.480(b) to clarify meaning.

**Page 4, line 24** (page 5, lines 1 - 3): eliminates "A third person who receives major medical coverage under AS 14.25.470(c)(3) or (4) is not required to make premium payments for that coverage." That sentence was made redundant by the bill's addition of new subsection AS 14.25.470(h).

**Page 5, lines 14 - 16 and line 26** (page 5, lines 24 - 27, and page 6, lines 6 - 8): changes clarify when major medical benefits are available to dependent children of deceased members of the defined benefit plan in the Public Employees' Retirement System, under AS 39.35.535(a). Changes eliminate language requiring that the children be dependent on the surviving spouse in order to qualify.

**Page 5, lines 27 - 31** (page 6, line 11): change clarifies that under AS 39.35.535(a)(3) major medical benefits are available to spouses and dependent children of deceased members of the defined benefit plan of the Public Employees' Retirement System who have received payment of any kind of pension, not just a monthly survivor's pension, under AS 39.35.430. As I understand it, this change is intended to prevent the benefits administrator from interpreting certain provisions of AS 39.35.430 to require a cessation of major medical benefits provided under AS 39.35.535(a) on the date when, if the deceased member had survived, the deceased member would have qualified for normal retirement, the monthly survivor's pension would therefore terminate, and, without the changed language, (according to one interpretation), the survivors' eligibility for major medical insurance would cease.

**Page 6, line 26, through page 7, line 5** (page 7, lines 9 - 19): A new bill section was added to eliminate the requirement that an active member of the defined contribution plan of the Public Employees' Retirement System has to retire directly from that plan in order to qualify for medical benefits. The new bill section clarifies that a member of the defined contribution plan is eligible to retire from that plan if the member has 25 years of membership service as a peace officer or firefighter or (for all other members) at least 30 years of membership service, or the member reaches normal retirement age and has at least 10 years of membership service.

**Page 7, lines 6 - 16** (page 7, lines 26 - 31): changes clarify that under the defined contribution plan of the Public Employees' Retirement System, a deceased member's surviving spouse and dependent children are eligible to elect medical benefits under AS 39.35.880 if they have received payment of any kind of benefit under AS 39.35.892 -- instead of when they have been determined to be eligible for a monthly survivor's pension under AS 39.35.430. As I understand it, this change is intended to prevent the benefits administrator from interpreting certain provisions of AS 39.35.892 to require a cessation of major medical benefits provided under AS 39.35.880 on the date when, if the deceased member had survived, the deceased member would have qualified for retirement, and, without the changed language, (according to one interpretation), the survivors' eligibility for major medical insurance would cease.

**Page 7, lines 22 - 23** (page 8, line 7): change requires that an election by a member of the defined contribution plan in the Public Employees' Retirement System not to participate in the retiree major medical insurance plan may become irrevocable upon application for retirement and benefits, instead of upon application for employment.

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**Page 7, lines 24 - 27** (Page 8, lines 9 - 12): adds a new subsection (h) to AS 39.35.870, clarifying that, under the defined contribution plan in the Public Employees' Retirement System even if monthly survivor pension benefits under AS 39.35.892(b) cease, medical insurance coverage for a deceased member's surviving spouse and dependent children will continue to be paid.

**Page 7, lines 24 - 27** (page 8, lines 13 - 24): changes clean up AS 39.35.880(b) to clarify meaning.

**Page 8, line 24**, following "Medicare" (page 9, lines 11 - 13): eliminates "A third person who receives major medical coverage under AS 39.35.870(c)(3) or (4) is not required to make premium payments for that coverage." That sentence was made redundant by the addition of new subsection AS 39.35.870(h).

**Page 8, lines 25 - 28** (page 9, lines 14 - 17): changes the bill's new definition of "retiree" in the defined contribution plan of the Public Employees' Retirement System from "an eligible person who has elected to receive medical benefits under AS 39.35.880," to "an eligible member under AS 39.35.870(a) who has retired from the plan," to improve clarity of meaning.

**Page 9, line 1** (page 9, line 21): changes the retroactive effective date of the bill from January 1, 2014, to January 1, 2013.

Please let me know if you have additional questions.

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