

# ALASKA STATE LEGISLATURE

Session  
State Capitol, Rm 204  
Juneau, AK 99801  
907-465-3892



Interim  
1500 W Benson Boulevard  
Anchorage, AK 99503  
907-269-0234

## Representative Chuck Kopp

House Majority Leader · District 10 · Oceanview/Old Seward, Bayshore/Klatt

### MEMORANDUM

TO: Tri-Chair Neal Foster  
Tri-Chair Andy Joesphson  
Tri-Chair Calvin Schrage  
House Finance

FROM: Representative Chuck Kopp  
House Majority Leader

A handwritten signature in blue ink, appearing to read "Chuck", positioned to the right of the "FROM:" line.

DATE: March 23, 2026

RE: House Bill 210: Follow-up questions from March 19, 2026, meeting

Below are the answers that were asked by the committee in the first hearing of House Bill 210: PEACE OFFICERS / FIREFIGHTERS: DISABILITY:

- Question was asked whether Peace Officers/Firefighters could qualify for Medicaid when they go on disability.

Peace officers and firefighters in Alaska earn, on average, approximately \$8,872 per month (\$106,468 annually) while actively employed. Upon qualifying for occupational disability, their income is reduced to 40% of salary, or roughly \$3,549 per month (\$42,587 annually).

Eligibility for Alaska Medicaid is based primarily on income and financial need. For context, current Medicaid income limits for a single adult are approximately:

- ~\$2,100–\$2,200 per month under Medicaid expansion (138% of the federal poverty level)
- ~\$1,800–\$1,845 per month for aged, blind, and disabled Medicaid categories
- ~\$2,900 per month for long-term care Medicaid eligibility

While eligibility is determined on a case-by-case basis, the typical income levels for disabled peace officers and firefighters (~\$3,549 per month) remain above Medicaid thresholds. Therefore, in most cases, they do not qualify for Medicaid after going on occupational disability, despite experiencing a substantial loss of income and employer-sponsored health coverage. Further Medicaid information is attached below.

- Question was asked about why 40% was chosen as the disability benefit rate.

The 40% occupational disability benefit in Public Employees' Retirement System (PERS) dates back to the system's original design in the 1960s and was in place prior to major revisions in the 1970s. The structure of the system indicates the 40% level was intended as a standardized partial income replacement. At the time, many public employees were covered under agreements with the Social Security Administration, so the benefit was likely designed to function alongside Social Security and other benefits, not as a standalone income source.

In the late 1970s and early 1980s, Alaska allowed certain groups to terminate Social Security coverage, and federal law changed in 1983 to prohibit states from opting out of Social Security going forward, locking in whatever coverage decisions had already been made. As a result, many public employees today do not participate in Social Security. The 40% benefit reflects a legacy design built to work in combination with Social Security. For many employees today, that coordination no longer exists.

- Information was requested about how Social Security Disability Insurance (SSDI) coincides with PERS Occupational Disability Benefits.

Many private sector employers provide long-term disability (LTD) insurance that replaces 60–70% of pre-disability salary. Most LTD policies require the employee to apply for SSDI as a condition of receiving benefits. LTD policies contain a Social Security offset clause allowing the insurer to reduce their payment dollar-for-dollar by whatever SSDI approves. If LTD pays \$3,000/month and SSDI approves \$1,500/month, the insurer drops to \$1,500; the employee's total stays the same, but the insurer has shifted half the cost to the federal program.

The PERS ODD benefit is not subject to this; it is a retirement system benefit, not a private insurance policy, and contains no SSDI offset. An employee continues receiving 40% of pre-disability salary regardless of SSDI status. If the employee also has a separate employer-provided LTD policy, that policy will offset against SSDI while the PERS ODD benefit remains unchanged.

- Information was requested about what would be considered a “comparable position” when a disabled employee is reemployed in another position.

A "comparable position" is defined two ways: a position requiring similar strengths and abilities to the job held at the time of disability, or any PERS position that pays 75% or more of the salary used to calculate the original ODD benefit. The Division can treat either standard as evidence of recovery and can end the benefit. The statute does not carve out a special definition of "comparable position" specifically for peace officers and firefighters; therefore, it is left to the Division of Retirement and Benefits (DRB) discretion.

- Information was requested about the Division of Vocational Rehabilitation program and its relation to the Occupational Disability Benefit recipient.

An employee appointed to disability benefits must apply to the Division of Vocational Rehabilitation (DVR) within 30 days after benefits commence, and benefits can terminate if the employee fails to report to vocational rehabilitation or is certified as failing to cooperate in a rehabilitation program. This is a parallel obligation that runs alongside the reemployment rules. Any part-time or informal work, even self-employment, can trigger a review, and if earnings approach that 75% threshold in a PERS position, the Division can move to terminate benefits on the grounds that the person has effectively recovered. Further information on DVR is attached below).

- Information has been provided in additional document labeled “HB 210 Additional Document - ARMB 2025-22-Recommendation Disability & Healthcare Improvements (Updated 3.17.26)”. Within its content, you will find an actuarial analysis of different disability and healthcare improvement scenarios provided the Alaska Retirement and Management Board (ARMB).

Please let us know if the committee has any additional questions.