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March 7, 2011

The Honorable Dennis Egan, Chair
Senate Labor and Commerce Committee
Alaska State Capitol, Room 510
Juneau, AK 99801-1182

RE: SB 81 (Davis)--Support

Dear Chair Egan:

On behalf of the members of AARP in Alaska, we encourage you and your colleagues on the Senate Labor and Commerce Committee to support SB 81, authored by your Committee colleague Senator Bettye Davis and co-sponsored by Senator Johnny Ellis.

Basically, SB 81 would create parity and equity in the health benefits provided to active employees and retirees. This would impact not only retired state employees but also retired teachers and municipal employees as well as the elected officials' retirement systems and the system for judges and justices.

Over the past few years, we admit being stymied about some of the policies that the state has for retiree health coverage, especially for those who might retire before age 65 and Medicare eligibility. For example, the state provides colo-rectal cancer screening for active employees and Medicare provides it for public retirees at age 65. However the state will not provide coverage for screenings for retirees under age 65 even though outside consultants have informed Retirement and Benefits that it makes good fiscal sense as well as a prudent insurance decision to cover that age group that is most likely to benefit from early screening and early preventive measures.

Recently, however, a much more significant decision was made by the Governor to exclude coverage of dependents of retired beneficiaries who are under the age of 26. Federal law requires that active employees who have dependents under age 26 will have the option of covering them under their employee program on July 1, 2011. When the Governor decided to opt out of coverage for public employment retirees, his decision impacted not only state retirees but also municipal and school district retirees since they are all under PERS and TRS.

These retired employees would pay the cost of covering their dependents but, because they would be in a group, the premiums would be much lower than if the retiree or their dependent had to secure an individual policy.

We have had a number of calls from AARP members concerned about this issue. Many were pleased to see dependent coverage in the federal legislation and then dismayed when they received a letter from the Governor telling them they could not participate.

Possibly even more serious is this issue for employees who have not yet retired but are considering it. Those already retired received a letter for the Governor. Many of those planning their retirement are unaware of being unable to cover their dependents up to age 26. Earlier this week we received a call from one of our members who planned to retire later this year. She has a dependent aged 24 and had planned on including him on her coverage. She bluntly told us that she has completely changed her retirement plan because she cannot risk having her son uncovered. We are receiving calls from pre-retirees on a regular basis expressing their concern and wondering why they were being singled out from benefiting from this ACA clause.

We have no idea how many employees will have to postpone their retirement plans and the impact it will have on their families, their supervisors, and their colleagues. Many organizations have succession plans for employees, especially when they have notified their supervisor that they are actively planning their retirement.

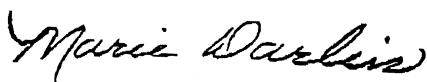
SB 81 will create a fair and balanced and predictable benefit system for Alaska's public retirees.

AARP recommends an "AYE" vote on SB 81.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,



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CC: Vice-Chair Joe Paskvan
Senator Bettye Davis
Senator Linda Menard
Senator Cathy Giessel