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**SCSHB 29\Ver. H**

**SECTIONAL ANALYSIS**

*"An Act relating to insurance; prohibiting certain insurance decisions based solely on a person's status as an elected official; and relating to family leave."*

**Section 1:**

Amends Sec. 21.36 to add a new section that prohibits a person transacting insurance in this state from discriminating against a person based solely on a person's status as an elected state official as defined in AS 44.99.205.

**Section 2:**

This section adds new sections to AS 23.10 to create the Alaska Paid Family Leave Plan.

**AS 23.10.700 (a)** instructs the commissioner of labor & workforce development and the commissioner of administration to jointly procure a paid family leave insurance plan, defines which employees may be eligible to use it, and how they are entitled to participate.

**AS 23.10.700 (b)** mandates that the procurement process will be governed by the State of Alaska Procurement Code.

**AS 23.10.700 (c)** provides for evaluation of the responses for that procurement, and requires they be filed with the director of insurance for approval.

**AS 23.10.700 (d)**: specifies that the parameters of the plan adopted by both departments must include: length and time of open enrollment, enrollment processes for various eligible employees; and how premiums would be paid or deducted.

**AS 23.10.700(e)** directs the commissioners of administration and labor & workforce development to adopt procedures for collection of information and premiums from covered employees and transmission of such to the insurer, and penalties for late payments will be calculated.

**AS 23.10.710(a)** specifies wage replacement for eligible employees, and how to calculate the average weekly wage for eligible employees. It creates a progressive wage replacement scale for employees covered by the plan.

**AS 23.10.710(b)** specifies the periods of leave; it establishes that any paid leave plan shall offer not less than six weeks and states the plan may not impose a minimum duration.

**AS 23.10.710(c)** sets the employment eligibility requirements for covered employees.

**AS 23.10.720(a)** states that a political subdivision of the state or a private employer may opt into the paid family leave plan established in AS 23.10.700. It states that these entities shall contract directly with the insurer, and provides for parameters on their participation in the paid family leave plan. If they elect to do so they must cover all employees in the plan. They may work with the provider to choose the duration under AS 23.10.710(b), with the provision that no plan provide less than six weeks of paid family leave. They may also choose to cover all or part of the employee's premium in the plan.

**AS 23.10.720(b)** requires that any premium charged by the insurer to the political subdivision or private employer must be actuarially justified and derived from the state employee premium.

**AS 23.10.720(c)** states that an employee of a participating employer or political subdivision may choose to enroll in the plan. It also allows an employee to opt out of the plan, with provisions to allow them to opt back in.

**AS 23.10.720(d)** states that a participating political subdivision or private employer pay premiums directly to the insurer; they may do so via payroll deductions.

**AS 23.10.720(e)** states that a participating employer with 50 or more employees maintain coverage in any group health plan at the level and conditions if the employee had stayed at work; it requires them to restore the employee to the same or reasonably same role after returning to work; declares that they may not retaliate or discriminate against the employee if they take family leave. This section reflects the requirements of the national Family Medical Leave Act.

**AS 23.10.720(f)** states that a participating employer with fewer than 50 employees may collect and transmit the premiums directly to the insurer or to the purchasing pool premium account; it states that they may deduct the premiums via payroll deductions.

**AS 23.10.730 (a)** establishes the purchasing pool premium account and requires the insurer to participate in it.

**AS 23.10.730 (b)** allows an employee of a political subdivision or private employer that does not participate in the family leave plan or offer a substantially similar family leave benefit to contract indirectly with an insurer via the purchasing pool.

**AS 23.10.730 (c)** allows that the pool may be experience rated. It also establishes that coverage through the pool shall be not less than three years. This section establishes a waiting period and elimination period, as well as open enrollment processes. It caps the coverage premiums at one percent of the employee's average weekly wage or 1.2 percent of the state's average weekly wage, whichever is less.

**AS 23.10.730 (d)** states that the private employer or political subdivision of the state with 50 or more employees whose employee participates in the purchasing pool transfer that employees' premiums directly to the insurer via payroll deduction. An employer with less than 50 employees may pay those premiums directly to the purchasing pool.

**AS 23.10.730(e)** requires the commissioner of administration to separately account for purchasing pool premium payments received by the department; and for payment of premiums to an insurer participating in a family leave insurance plan purchasing pool premium account.

**AS 23.10.740(a)** establishes the purchasing pool premium stabilization account. It requires the commissioner of administration to account separately for premium taxes on family leave insurance plans, appropriations made for the purchasing pool stabilization, and gifts, grants and donations made for the purpose of stabilizing the purchasing pool.

**AS 23.10.740(b)** allows the legislature to appropriate funds to the purchasing pool so that premiums do not exceed one percent of the employee's average weekly wage or 1.2 percent of the state's average weekly wage, whichever is less.

**AS 23.10.750 (a)** establishes the family leave insurance advisory board, to support the Commissioner of Administration in implementing and administering the family leave insurance plans.

**AS 23.10.750(b)** directs the composition of the family leave insurance advisory board.

**AS 23.10.750(c)** requires the advisory board to meet at least quarterly.

**AS 23.10.760** declares that the provisions of AS 23.10.700-23.10.790 are subject to collective bargaining.

**AS 23.10.770 (a)** requires the Department of Labor and Workforce Development, in conjunction with the Department of Administration, to prepare and submit a report to the Legislature by March 31st of each year. This date is chosen to allow the provider to resolve remaining claims from the prior year.

**AS 23.10.770 (b)** directs the Department of Labor and Workforce Development to work in conjunction with the Department of Administration develop an outreach program to educate workers, families, and employers on the benefits of participation in the paid family leave program.

**AS 23.10.780** directs that the Commissioners of the Departments of Labor and Workforce Development, and Commissioner of Administration, may issue regulations to implement AS 23.10.700-23.10.790.

**AS 23.10.790** is the definitions section for specific terms in AS 23.10.700-23.10.790.

### **Section 3:**

This section amends Chapter 39 Public Officers and Employees pay and compensation, for conforming changes under Section 2.

**AS 39.20.305(a)** is amended to allow an employee of the state to take paid family leave. This is a conforming change. The state may not require the employee to substitute accrued paid leave to which the employee is entitled.

### **Section 4:**

This section establishes parameters for the Alaska Paid Family Leave Plan for state employees.

**AS 39.20.500(b)** is amended to reflect that state employees are entitled to paid family leave; because a political subdivision may choose to opt in or not, an employee of a political subdivision may opt into such a program through AS 23.10.700-23.10.790, and such an employer is not allowed to require the employee

to substitute accrued paid leave. It also establishes that eligible reasons to take paid family leave include pregnancy and birth of a child, placement of a child, caring for a child, spouse or parent who has a serious health condition, and the employee's own serious health condition.

#### **Section 5:**

This section makes conforming changes to Title 39, Chapter 20 to reflect the ongoing employment of the employee. **AS 39.20.500(d)** is amended to delete the reference to unpaid leave.

#### **Section 6:**

This section establishes a paid family leave tax credit for eligible taxpayers that provide this benefit.

**AS 43.20** is amended to include AS 43.20.075, a family leave insurance tax credit: taxpayers providing family leave insurance plans are allowed a credit equal to 50 percent of the premium paid by the taxpayer for the year in which the premium is paid.

#### **Section 7:**

This section adds a new section, AS 21.36.520, stating that Section 1 of this bill applies to insurance policies and contracts issued, delivered or renewed on or after the effective date of this Act.

#### **Section 8:**

This section adds to the uncodified law of Alaska to set a transition date and implementation of the paid family leave plan. March 31<sup>st</sup>, 2025 is set as the issue date for the procurement of the family leave plan, to be in place for state employees by January 1<sup>st</sup>, 2026. The plan shall be available for other qualified employers and individuals by January 1<sup>st</sup>, 2027. This is so that the department and providers can establish the regulations and guidelines for these other qualified participants.