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Wayne  
3/25/15

**CS FOR HOUSE BILL NO. 66( )**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY

**Offered:  
Referred**

**Sponsor(s): REPRESENTATIVES MILLETT, Josephson, Muñoz, Kito, LeDoux, Lynn, Tuck**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to providing medical insurance coverage under the Teachers'  
2 Retirement System of Alaska and the Public Employees' Retirement System of Alaska;  
3 and providing for an effective date."

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

5 \* Section 1. AS 14.25.168(a) is amended to read:

8 (1) for teachers first hired before July 1, 1990,

9 (A) a teacher who is receiving a monthly benefit from the plan  
10 and who has elected coverage;

11 (B) the spouse and dependent children of the teacher described  
12 in (A) of this paragraph;

13 (C) the surviving spouse of a deceased teacher who is receiving  
14 a monthly benefit from the plan and who has elected coverage;

(D) the dependent children of a deceased teacher [WHO ARE DEPENDENT ON THE SURVIVING SPOUSE DESCRIBED IN (C) OF THIS PARAGRAPH];

(2) for teachers first hired on or after July 1, 1990,

(A) a teacher who is receiving a monthly benefit from the plan and who has elected coverage for the teacher;

(B) the spouse of the teacher described in (A) of this paragraph if the teacher elected coverage for the spouse;

(C) the dependent children of the teacher described in (A) of this paragraph if the teacher elected coverage for the dependent children;

(D) the surviving spouse of a deceased teacher who is receiving a monthly benefit from the plan and who has elected coverage;

(E) the dependent children of a deceased teacher;

(3) for a deceased teacher, the surviving spouse and dependent children of the deceased teacher if the spouse or children are determined to be eligible for payment of a pension under AS 14.25.157 [WHO ARE DEPENDENT ON THE SURVIVING SPOUSE DESCRIBED IN (D) OF THIS PARAGRAPH IF THE SURVIVING SPOUSE HAS ELECTED COVERAGE FOR THE DEPENDENT CHILDREN].

\* Sec. 2. AS 14.25.168(d) is amended to read:

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

(1) a person who has less than 25 years of membership service and who is younger than 60 years of age must pay an amount equal to the full monthly group premium for retiree major medical insurance coverage;

(2) a disabled member, a disabled member who is appointed to normal retirement, a person 60 years of age or older, a person who receives major medical insurance coverage under (a)(3) of this section, or a person who has at least 25 years of membership service is not required to make premium payments.

\* Sec. 3. AS 14.25.470(a) is amended to read:

(a) [IN ORDER TO OBTAIN MEDICAL BENEFITS UNDER AS 14.25.480,

A MEMBER MUST RETIRE DIRECTLY FROM THE PLAN.] A member is eligible to retire [FROM THE PLAN] if [THE MEMBER HAS BEEN AN ACTIVE MEMBER FOR AT LEAST 12 MONTHS BEFORE APPLICATION FOR RETIREMENT AND]

(1) the member has at least 30 years of service; or

(2) the member reaches the normal retirement age and has at least 10 years of service.

\* Sec. 4. AS 14.25.470(c) is repealed and reenacted to read:

(c) The following persons are eligible to elect medical benefits under AS 14.25.480:

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

(2) a member's surviving spouse if the member had retired or was 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's surviving spouse has received a benefit under AS 14.25.487; and

(4) a deceased member's dependent children if the deceased member's surviving spouse or dependent children have received a benefit under AS 14.25.487.

\* Sec. 5. AS 14.25.470(d) is amended to read:

(d) A person [MEMBER] shall apply for retirement and medical benefits on the forms and in the manner prescribed by the administrator.

\* Sec. 6, AS 14.25.470(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 14.25.470 is amended by adding a new subsection to read:

(h) Notwithstanding cessation of benefits under AS 14.25.487(b), medical benefits under (c)(3) and (4) of this section shall be paid until the last day of the month in which there is no surviving spouse and no dependent child.

\* Sec. 8, AS 14.25.480(b) is repealed and reenacted to read:

(b) Retiree major medical insurance plan coverage elected by a person eligible under AS 14.25.470(c) covers

(1) the member, the member's spouse, and the member's dependent children if the member is the elector;

(2) the surviving spouse and the member's children 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 14.25.480(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 receives [ELECTS] coverage is no longer eligible to receive coverage [DIES] or fails to make a required premium payment.

\* Sec. 10. AS 14.25.480 is amended by adding a new subsection to read:

(l) Notwithstanding (g) of this subsection, a person who is eligible for major medical insurance coverage under AS 14.25.470(c)(3) or (4) is not required to make premium payments.

\* Sec. 11. AS 14.25.489 is amended to read:

**Sec. 14.25.489. 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 a member whose disability benefit is terminated under AS 14.25.485(g) or by an eligible survivor whose survivor pension is terminated under AS 14.25.485(i) [OR 14.25.487(e)] when the member would have been eligible for normal retirement if the member had survived shall be determined under AS 14.25.480(g)(2) as if the member or survivor were eligible for Medicare.

\* Sec. 12, 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. 13. 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;

(3) for a deceased member, the surviving spouse, and dependent children of the deceased member if the spouse or children have received payment of a pension under AS 39.35.430 [WHO ARE DEPENDENT ON THE SURVIVING SPOUSE DESCRIBED IN (D) OF THIS PARAGRAPH IF THE SURVIVING SPOUSE HAS ELECTED COVERAGE FOR THE DEPENDENT CHILDREN].

1       \* **Sec. 14.** 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. 15.** AS 39.35.870(a) is amended to read:

27               (a) [IN ORDER TO OBTAIN MEDICAL BENEFITS UNDER AS 39.35.880,  
28           AN ACTIVE MEMBER MUST RETIRE DIRECTLY FROM THE PLAN.] A  
29           member is eligible to retire [FROM THE PLAN] if [THE MEMBER HAS BEEN AN  
30           ACTIVE MEMBER FOR AT LEAST 12 MONTHS BEFORE APPLICATION FOR  
31           RETIREMENT AND]

(1) the member has at least 25 years of membership service as a peace officer or firefighter or at least 30 years of membership service for all other employees; or

(2) the member reaches the normal retirement age and has at least 10 years of membership service.

\* Sec. 16. AS 39.35.870(c) is repealed and reenacted to read:

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

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

(2) a member's surviving spouse if the member had retired or was 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's surviving spouse has received payment of a benefit under AS 39.35.892; and

(4) a deceased member's dependent children if the deceased member's surviving spouse or dependent children have received payment of a benefit under AS 39.35.892.

\* Sec. 17, 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. 18. 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. 19. 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 shall be paid until the last day of the month in which there is no surviving spouse and no dependent child.

\* Sec. 20. 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

1                   children of the eligible member if the member is the elector;

2                   (2) the surviving spouse and the dependent children of the eligible  
3                   member who are dependent on the surviving spouse if the surviving spouse is the  
4                   elector;

5                   (3) the dependent child if the dependent child, or a person authorized  
6                   to act on behalf of the dependent child, is the elector.

7 \* **Sec. 21.** AS 39.35.880(d) is amended to read:

8                   (d) Major medical insurance coverage takes effect on the first day of the  
9                   month following the date of the administrator's approval of the election and stops  
10                  when the person who receives [ELECTS] coverage is no longer eligible to receive  
11                  coverage [DIES] or fails to make a required premium payment.

12 \* **Sec. 22.** AS 39.35.880 is amended by adding a new subsection to read:

13                  (l) Notwithstanding (g) of this section, a person who is eligible for major  
14                  medical insurance coverage under AS 39.35.870(c)(3) or (4) is not required to make  
15                  premium payments.

16 \* **Sec. 23.** AS 39.35.894 is amended to read:

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

25 \* **Sec. 24.** AS 39.35.990(24) is amended to read:

26                  (24) "retiree" means an eligible member under AS 39.35.870(a) who  
27                  has retired from the plan [PERSON WHO HAS ELECTED TO RECEIVE  
28                  MEDICAL BENEFITS UNDER AS 39.35.880];

29 \* **Sec. 25.** AS 14.25.480(c) and AS 39.35.880(c) are repealed.

30 \* **Sec. 26.** The uncodified law of the State of Alaska is amended by adding a new section to  
31 read:

1           RETROACTIVITY. This Act is retroactive to January 1, 2013.

2           \* **Sec. 27.** This Act takes effect immediately under AS 01.10.070(c).