

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 315

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE ROKEBERG

Introduced: 2/15/02

Referred: State Affairs, Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act allowing employers that are small businesses, small nonprofit organizations, or**
2 **small associations for insurance purposes to join state employee insurance coverage as a**
3 **group; and providing for an effective date."**

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

5 * **Section 1.** AS 39.30.090(a) is amended to read:

6 (a) The Department of Administration may obtain a policy or policies of group
7 insurance covering state employees, persons entitled to coverage under AS 14.25.168,
8 AS 22.25.090, AS 39.35.535 or former AS 39.37.145, employees of other
9 participating governmental units, [OR] persons entitled to coverage under
10 AS 23.15.136, **employees of small businesses, employees of small nonprofit**
11 **organizations, or members of small associations for insurance purposes,** subject to
12 the following conditions:

13 (1) A group insurance policy **must** [SHALL] provide one or more of
14 the following benefits: life insurance, accidental death and dismemberment insurance,

1 weekly indemnity insurance, hospital expense insurance, surgical expense insurance,
2 dental expense insurance, audiovisual insurance, or other medical care insurance.

3 (2) Each eligible employee of the state, the spouse and the unmarried
4 children chiefly dependent on the eligible employee for support, and each eligible
5 employee of another participating governmental unit shall be covered by the group
6 policy, unless exempt under regulations adopted by the commissioner of
7 administration.

8 (3) A governmental unit may participate under a group policy if

9 (A) its governing body adopts a resolution authorizing
10 participation, and payment of required premiums;

11 (B) a certified copy of the resolution is filed with the
12 Department of Administration; and

13 (C) the commissioner of administration approves the
14 participation in writing.

15 (4) **A small business, a small nonprofit organization, or a small**
16 **association for insurance purposes may participate under a group policy if**

17 **(A) it applies to participate and agrees to payment of**
18 **required premiums;**

19 **(B) a certified copy of the application is filed with the**
20 **Department of Administration; and**

21 **(C) the commissioner of administration approves the**
22 **participation in writing.**

23 **(5)** In procuring a policy of group health or group life insurance as
24 provided under this section or excess loss insurance as provided in AS 39.30.091, the
25 Department of Administration shall comply with the dual choice requirements of
26 AS 21.86.310, and shall obtain the insurance policy from an insurer authorized to
27 transact business in the state under AS 21.09, a hospital or medical service corporation
28 authorized to transact business in this state under AS 21.87, or a health maintenance
29 organization authorized to operate in this state under AS 21.86. An excess loss
30 insurance policy may be obtained from a life or health insurer authorized to transact
31 business in this state under AS 21.09 or from a hospital or medical service corporation

1 authorized to transact business in this state under AS 21.87.

2 **(6)** [(5)] The Department of Administration shall make available bid
 3 specifications for desired insurance benefits or for administration of benefit claims and
 4 payments to (A) all insurance carriers authorized to transact business in this state
 5 under AS 21.09 and all hospital or medical service corporations authorized to transact
 6 business under AS 21.87 who are qualified to provide the desired benefits; and (B)
 7 [TO] insurance carriers authorized to transact business in this state under AS 21.09,
 8 hospital or medical service corporations authorized to transact business under
 9 AS 21.87, and third-party administrators licensed to transact business in this state and
 10 qualified to provide administrative services. The specifications shall be made
 11 available at least once every five years. The lowest responsible bid submitted by an
 12 insurance carrier, hospital or medical service corporation, or third-party administrator
 13 with adequate servicing facilities shall govern selection of a carrier, hospital or
 14 medical service corporation, or third-party administrator under this section or the
 15 selection of an insurance carrier or a hospital or medical service corporation to provide
 16 excess loss insurance as provided in AS 39.30.091.

17 **(7)** [(6)] If the aggregate of dividends payable under the group
 18 insurance policy exceeds the governmental unit's share of the premium, the excess
 19 shall be applied by the governmental unit for the sole benefit of the employees.

20 **(8)** [(7)] A person receiving benefits under AS 14.25.110, AS 22.25,
 21 AS 39.35, or former AS 39.37 may continue the life insurance coverage that was in
 22 effect under this section at the time of termination of employment with the state or
 23 participating governmental unit.

24 **(9)** [(8)] A person electing to have insurance under **(8)** [(7)] of this
 25 subsection shall pay the cost of this insurance.

26 **(10)** [(9)] For each permanent part-time **state** employee electing
 27 coverage under this section, the state shall contribute one-half the state contribution
 28 rate for permanent full-time state employees, and the permanent part-time employee
 29 shall contribute the other one-half.

30 **(11)** [(10)] A person receiving benefits under AS 14.25, AS 22.25,
 31 AS 39.35, or former AS 39.37 may obtain auditory, visual, and dental insurance for

1 that person and eligible dependents under this section. The level of coverage for
 2 persons over 65 shall be the same as that available before reaching age 65 except that
 3 the benefits payable shall be supplemental to any benefits provided under the federal
 4 old age, survivors, and disability insurance program. A person electing to have
 5 insurance under this paragraph shall pay the cost of the insurance. The commissioner
 6 of administration shall adopt regulations implementing this paragraph.

7 (12) [(11)] A person receiving benefits under AS 14.25, AS 22.25,
 8 AS 39.35, or former AS 39.37 may obtain long-term care insurance for that person
 9 and eligible dependents under this section. A person who elects insurance under this
 10 paragraph shall pay the cost of the insurance premium. The commissioner of
 11 administration shall adopt regulations to implement this paragraph.

12 (13) [(12)] Each licensee holding a current operating agreement for a
 13 vending facility under AS 23.15.010 - 23.15.210 shall be covered by the group policy
 14 that applies to governmental units other than the state.

15 * **Sec. 2.** AS 39.30.090(b) is amended by adding new paragraphs to read:

16 (4) "Alaska business" means the business is located in Alaska and is
 17 organized under the relevant provisions of the Alaska Statutes; if the form of business
 18 is not required to be organized under a statute, then the sole proprietor or joint
 19 venturers who own the business must be Alaska residents;

20 (5) "small business" means an Alaska business that employed an
 21 average of at least two but not more than 300 employees on the business days during
 22 the preceding calendar year and that employs at least two employees on the first day of
 23 a health benefit plan year;

24 (6) "small nonprofit organization" means a nonprofit corporation,
 25 association, club, or society organized and operated exclusively for charitable,
 26 religious, scientific, or educational purposes or for the promotion of social welfare and
 27 that has received an exemption from the payment of federal income tax, that employed
 28 an average of at least two but not more than 300 employees on the business days
 29 during the preceding calendar year, and that employs at least two employees on the
 30 first day of a health benefit plan year;

31 (7) "small association for insurance purposes" means an association

1 composed of Alaska businesses or nonprofit organizations that, as a group, employ an
2 average of at least two but not more than 300 employees on the business days during
3 the preceding calendar year and that employs at least two employees on the first day of
4 a health benefit plan year.

5 * **Sec. 3.** This Act takes effect July 1, 2003.