

**CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 315(STA)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered: 4/3/02

Referred: Labor and Commerce, Finance

Sponsor(s): REPRESENTATIVES ROKEBERG, Wilson, Scalzi, Dyson

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act allowing employers that are small businesses, small nonprofit organizations,**  
2 **small special services organizations, or small associations for insurance purposes to join**  
3 **state employee insurance coverage as a 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 businesses, of nonprofit organizations, of special**  
11 **services organizations, or of members of associations for insurance purposes**  
12 **eligible under (c) of this section,** subject to 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) **If it is eligible under (c) of this section, a business, a nonprofit**  
16 **organization, a special services organization, or an association for insurance**  
17 **purposes may participate under a group policy if**

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

20 (B) **the application is filed with the Department of**  
21 **Administration; and**

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

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

1 business in this state under AS 21.09 or from a hospital or medical service corporation  
2 authorized to transact business in this state under AS 21.87.

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

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

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

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

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

31 **(11)** [(10)] A person receiving benefits under AS 14.25, AS 22.25,

1 AS 39.35, or former AS 39.37 may obtain auditory, visual, and dental insurance for  
 2 that person and eligible dependents under this section. The level of coverage for  
 3 persons over 65 shall be the same as that available before reaching age 65 except that  
 4 the benefits payable shall be supplemental to any benefits provided under the federal  
 5 old age, survivors, and disability insurance program. A person electing to have  
 6 insurance under this paragraph shall pay the cost of the insurance. The commissioner  
 7 of administration shall adopt regulations implementing this paragraph.

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

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

16 \* **Sec. 2.** AS 39.30.090(b)(1) is amended to read:

17 (1) "eligible employee" means

18 (A) an employee who has served in permanent full-time or  
 19 part-time employment with the same governmental unit for 30 days or more,  
 20 except an emergency or temporary employee;

21 (B) an elected or appointed official of a governmental unit,  
 22 effective upon taking the oath of office; and

23 (C) a contractual employee of the legislative branch of state  
 24 government under AS 24.10.060(f) if the employee's personal services contract  
 25 provides that the employee is entitled to coverage;

26 **(D) an employee who has served in permanent full-time or**  
 27 **part-time employment with the same business, nonprofit organization,**  
 28 **special services organization, or member of an association for insurance**  
 29 **purposes for 30 days or more, except an emergency or temporary**  
 30 **employee;**

31 \* **Sec. 3.** AS 39.30.090(b) is amended by adding new paragraphs to read:

1 (1) "association for insurance purposes" means an association  
 2 composed of businesses or nonprofit organizations or both, organized and operating in  
 3 Alaska;

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

8 (3) "nonprofit organization" means a nonprofit corporation,  
 9 association, club, or society organized and operating in Alaska exclusively for  
 10 charitable, religious, scientific, or educational purposes or for the promotion of social  
 11 welfare and that has received an exemption from the payment of federal income tax;

12 (4) "special services organization" means an entity, corporation, or  
 13 nonprofit organization organized and operating in Alaska that is

14 (A) an entity, including a sole proprietorship and a corporation  
 15 solely owned by one person,

16 (i) operating a child care facility that is licensed under  
 17 AS 14.37;

18 (ii) operating a residential child care facility, child  
 19 placement agency, foster home, or maternity home that is licensed  
 20 under AS 47.35;

21 (iii) operating an assisted living home that is licensed  
 22 under AS 47.33;

23 (iv) operating a community-based center for adult day  
 24 care as that term is defined in AS 47.65.290; or

25 (v) providing home care services as defined in  
 26 AS 47.65.290;

27 (B) a corporation incorporated under AS 10.20 that

28 (i) receives state grants to provide services; or

29 (ii) makes grants to other corporations incorporated  
 30 under AS 10.20 that receive state grants to provide services; or

31 (C) a nonprofit organization, regardless of whether

1 incorporated, whose primary purpose is to provide assistance to disadvantaged  
2 classes or groups.

3 \* **Sec. 4.** AS 39.30.090 is amended by adding a new subsection to read:

4 (c) A business, nonprofit organization, or special services organization that  
5 employed an average of at least two but not more than 50 eligible employees on the  
6 business days during the preceding calendar year and employs at least two eligible  
7 employees on the first day of a health benefit plan year may apply to participate as a  
8 group under (a) of this section. An association for insurance purposes may apply to  
9 participate as a group under (a) of this section if the combined total number of eligible  
10 employees of all business and nonprofit organizations within the association is not less  
11 than two and not more than 50.

12 \* **Sec. 5.** This Act takes effect January 1, 2003.