

HOUSE BILL NO. 315

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE ROKEBERG

Introduced: 1/14/02

Referred: State Affairs, Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act requiring a single insurance provider for all state employees and allowing small**
2 **employers to join as a group; and providing for an effective date."**

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

4 * **Section 1.** AS 23.40.075 is amended by adding a new paragraph to read:

5 (5) single insurance provider requirement of AS 39.30.090(c).

6 * **Sec. 2.** AS 39.30.090(a) is amended to read:

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

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

1 dental expense insurance, audiovisual insurance, or other medical care insurance.

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

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

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

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

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

14 (4) **A small business may participate under a group policy if**

15 **(A) it applies to participate and agrees to payment of**
16 **required premiums;**

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

19 **(C) the commissioner of administration approves the**
20 **participation in writing.**

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

31 **(6)** [(5)] The Department of Administration shall make available bid

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

15 **(7)** [(6)] If the aggregate of dividends payable under the group
 16 insurance policy exceeds the governmental unit's share of the premium, the excess
 17 shall be applied by the governmental unit for the sole benefit of the employees.

18 **(8)** [(7)] A person receiving benefits under AS 14.25.110, AS 22.25,
 19 AS 39.35, or former AS 39.37 may continue the life insurance coverage that was in
 20 effect under this section at the time of termination of employment with the state or
 21 participating governmental unit.

22 **(9)** [(8)] A person electing to have insurance under **(8)** [(7)] of this
 23 subsection shall pay the cost of this insurance.

24 **(10)** [(9)] For each permanent part-time **state** employee electing
 25 coverage under this section, the state shall contribute one-half the state contribution
 26 rate for permanent full-time state employees, and the permanent part-time employee
 27 shall contribute the other one-half.

28 **(11)** [(10)] A person receiving benefits under AS 14.25, AS 22.25,
 29 AS 39.35, or former AS 39.37 may obtain auditory, visual, and dental insurance for
 30 that person and eligible dependents under this section. The level of coverage for
 31 persons over 65 shall be the same as that available before reaching age 65 except that

1 the benefits payable shall be supplemental to any benefits provided under the federal
 2 old age, survivors, and disability insurance program. A person electing to have
 3 insurance under this paragraph shall pay the cost of the insurance. The commissioner
 4 of administration shall adopt regulations implementing this paragraph.

5 **(12)** [(11)] A person receiving benefits under AS 14.25, AS 22.25,
 6 AS 39.35, or former AS 39.37 may obtain long-term care insurance for that person
 7 and eligible dependents under this section. A person who elects insurance under this
 8 paragraph shall pay the cost of the insurance premium. The commissioner of
 9 administration shall adopt regulations to implement this paragraph.

10 **(13)** [(12)] Each licensee holding a current operating agreement for a
 11 vending facility under AS 23.15.010 - 23.15.210 shall be covered by the group policy
 12 that applies to governmental units other than the state.

13 * **Sec. 3.** AS 39.30.090(b) is amended by adding a new paragraph to read:

14 (4) "small business" means a business that employed an average of at
 15 least two but not more than 50 employees on the business days during the preceding
 16 calendar year and that employs at least two employees on the first day of a health
 17 benefit plan year.

18 * **Sec. 4.** AS 39.30.090 is amended by adding new subsections to read:

19 (c) The Department of Administration shall provide the insurance coverage
 20 described in (a) of this section through a single insurance provider, whether by
 21 contract or by self-insurance. The provider shall offer as many plans as required to
 22 meet the needs of the policyholder groups. A collective bargaining agreement may
 23 not allow an organization representing state employees to be exempt from coverage
 24 under this section.

25 (d) The groups listed in (a) of this section shall have priority for coverage in
 26 the order listed. If the participation of small business employees would raise the
 27 number of covered lives above 50 percent of the covered lives in Alaska, small
 28 business employees may not be allowed to participate.

29 * **Sec. 5.** Section 7 of this Act is repealed July 1, 2003.

30 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
 31 read:

1 NO EFFECT ON CURRENT AGREEMENTS. Nothing in this Act terminates or
2 modifies the terms of a collective bargaining agreement in effect on the effective date of this
3 Act.

4 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
5 read:

6 GROUP LIFE AND HEALTH INSURANCE FOR PUBLIC OFFICERS AND
7 EMPLOYEES. (a) Not later than July 1, 2003, the Department of Administration shall
8 provide the insurance coverage described in AS 39.30.090(a) through a single insurance
9 provider, whether by contract or by self-insurance. The provider shall offer as many plans as
10 required to meet the needs of the policyholder groups.

11 (b) If a collective bargaining agreement between the state and an organization
12 representing state employees expires before July 1, 2003, the new agreement must provide
13 health insurance through the single insurance provider for state employees.

14 * **Sec. 8.** Sections 1 - 3 of this Act take effect July 1, 2003.