

HOUSE BILL NO. 196

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - FIRST SESSION

BY THE HOUSE EDUCATION COMMITTEE

Introduced: 4/2/13

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to group insurance coverage and self-insurance coverage for school
2 district employees; and providing for an effective date."

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

4 * **Section 1.** AS 14.08.111 is amended to read:

5 **Sec. 14.08.111. Duties.** A regional school board shall

6 (1) provide, during the school term of each year, an educational
7 program for each school age child who is enrolled in or a resident of the district;

8 (2) develop a philosophy of education, principles, and goals for its
9 schools;

10 (3) approve the employment of the professional administrators,
11 teachers, and noncertificated personnel necessary to operate its schools;

12 (4) establish the salaries to be paid its employees;

13 (5) designate the employees authorized to direct disbursements from
14 the school funds of the board;

1 (6) submit the reports prescribed for all school districts;
 2 (7) provide for an annual audit in accordance with AS 14.14.050;
 3 (8) provide custodial services and routine maintenance of school
 4 buildings and facilities;

5 (9) establish procedures for the review and selection of all textbooks
 6 and instructional materials, including textbooks and curriculum materials for statewide
 7 correspondence programs, before they are introduced into the school curriculum; the
 8 review includes a review for violations of AS 14.18.060; nothing in this paragraph
 9 precludes a correspondence study student, or the parent or guardian of a
 10 correspondence study student, from privately obtaining or using textbooks or
 11 curriculum material not provided by the school district;

12 (10) provide prospective employees with information relating to the
 13 availability and cost of housing in rural areas to which they might be assigned, and,
 14 when possible, assist them in locating housing; however, nothing in this paragraph
 15 requires a regional school board to provide teacher housing, whether owned, leased, or
 16 rented or otherwise provided by the regional educational attendance area, nor does it
 17 require the board to engage in a subsidy program of any kind with respect to teacher
 18 housing; [AND]

19 (11) train persons required to report under AS 47.17.020, in the
 20 recognition and reporting of child abuse, neglect, and sexual abuse of a minor; **and**

21 **(12) establish and maintain participation in a policy of group**
 22 **insurance as required by AS 14.20.137.**

23 * **Sec. 2.** AS 14.17.300 is amended by adding new subsections to read:

24 (c) Notwithstanding (a) and (b) of this section, the commissioner of
 25 administration

26 (1) may expend from the public education fund to the group health and
 27 life benefits fund under AS 39.30.095 amounts necessary for the commissioner of
 28 administration to pay claims submitted by school district employees who are covered
 29 by a policy of self-insurance that is provided by the Department of Administration
 30 under AS 39.30.091;

31 (2) shall, over a period of 10 years from the date the first expenditure

1 authorized under this subsection occurs, reimburse the public education fund for
2 money expended under this section from the public education fund.

3 (d) Total expenditures from the public education fund under (c) of this section
4 may not exceed \$100,000,000.

5 * **Sec. 3.** AS 14.20 is amended by adding a new section to read:

6 **Sec. 14.20.137. School district employee health insurance.** (a) Beginning not
7 later than July 1, 2015, a school district shall participate in a policy of insurance
8 selected by the commissioner of administration that includes health insurance
9 coverage of employees. The commissioner of administration shall select either a
10 policy of group insurance under AS 39.30.090 that covers state employees and
11 employees of the school district, or a policy of self-insurance, provided by the
12 Department of Administration under AS 39.30.091, that provides insurance coverage
13 to state employees and employees of the school district.

14 (b) Subject to (e) of this section, the school district shall contribute to the
15 group health and life benefits fund established under AS 39.30.095 an amount equal to
16 the rate of employer contribution and the rate of employee contribution set by the
17 commissioner of administration under AS 39.30.095.

18 (c) In addition to the contribution required under (b) of this section and the
19 reimbursement required under (d) of this section, a school district shall reimburse the
20 Department of Administration an amount equal to the state's cost, if any, of procuring
21 necessary excess loss insurance in connection with coverage of the school district's
22 employees under AS 39.30.091.

23 (d) In addition to the contribution required under (b) of this section and the
24 reimbursement required under (c) of this section, a school district shall reimburse the
25 Department of Administration the cost of paying insurance claims for the first four
26 months employees of the school district are covered by a policy of self-insurance
27 under AS 39.30.091. The commissioner of administration shall allow the
28 reimbursement to be made in equal installments over a period not to exceed 10 years
29 from the date the school district's participation in the policy begins.

30 (e) Subject to AS 23.40.070 - 23.40.260 (Public Employee Relations Act), a
31 school district may require employees of the school district to pay some or all of the

1 school district's contribution under (b) of this section and reimbursement under (c) and
2 (d) of this section.

3 (f) In this section, "school district" means a municipal school district or a
4 regional educational attendance area.

5 * **Sec. 4.** 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 and school district employees, persons entitled to
8 coverage under AS 14.25.168, 14.25.480, AS 22.25.090, AS 39.35.535, 39.35.880, or
9 former AS 39.37.145, employees of other participating governmental units, or persons
10 entitled to coverage under AS 23.15.136, subject to the following conditions:

11 (1) A group insurance policy shall provide one or more of the
12 following benefits: life insurance, accidental death and dismemberment insurance,
13 weekly indemnity insurance, hospital expense insurance, surgical expense insurance,
14 dental expense insurance, audiovisual insurance, or other medical care insurance.

15 (2) Each eligible employee of the state or a school district, the spouse
16 and the unmarried children chiefly dependent on the eligible employee for support,
17 and each eligible employee of another participating governmental unit shall be
18 covered by the group policy, unless exempt under regulations adopted by the
19 commissioner of administration.

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

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

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

25 (C) the commissioner of administration approves the
26 participation in writing.

27 (4) In procuring a policy of group health or group life insurance as
28 provided under this section or excess loss insurance as provided in AS 39.30.091, the
29 Department of Administration shall comply with the dual choice requirements of
30 AS 21.86.310, and shall obtain the insurance policy from an insurer authorized to
31 transact business in the state under AS 21.09, a hospital or medical service corporation

1 authorized to transact business in this state under AS 21.87, or a health maintenance
2 organization authorized to operate in this state under AS 21.86. An excess loss
3 insurance policy may be obtained from a life or health insurer authorized to transact
4 business in this state under AS 21.09 or from a hospital or medical service corporation
5 authorized to transact business in this state under AS 21.87.

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

21 (6) If the aggregate of dividends payable under the group insurance
22 policy exceeds the governmental unit's share of the premium, the excess shall be
23 applied by the governmental unit for the sole benefit of the employees.

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

28 (8) A person electing to have insurance under (7) of this subsection
29 shall pay the cost of this insurance.

30 (9) For each permanent part-time employee electing coverage under
31 this section, the state shall contribute one-half the state contribution rate for permanent

1 full-time state employees, and the permanent part-time employee shall contribute the
2 other one-half.

3 (10) A person receiving benefits under AS 14.25, AS 22.25, AS 39.35,
4 or former AS 39.37 may obtain auditory, visual, and dental insurance for that person
5 and eligible dependents under this section. The level of coverage for persons over 65
6 shall be the same as that available before reaching age 65 except that the benefits
7 payable shall be supplemental to any benefits provided under the federal old age,
8 survivors, and disability insurance program. A person electing to have insurance under
9 this paragraph shall pay the cost of the insurance. The commissioner of administration
10 shall adopt regulations implementing this paragraph.

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

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

19 * **Sec. 5.** AS 39.30.090(b) is amended by adding a new paragraph to read:

20 (4) "school district" means a municipal school district or a regional
21 educational attendance area.

22 * **Sec. 6.** AS 39.30.091 is amended to read:

23 **Sec. 39.30.091. Authorization for self-insurance and excess loss insurance.**

24 Notwithstanding AS 21.86.310 or AS 39.30.090, the Department of Administration
25 may provide, by means of self-insurance, one or more of the benefits listed in
26 AS 39.30.090(a)(1) for state employees or employees of a school district who are
27 eligible for the benefits by law or under a collective bargaining agreement and for
28 persons receiving benefits under AS 14.25, AS 22.25, AS 39.35, or former AS 39.37,
29 and their dependents. The department shall procure any necessary excess loss
30 insurance under AS 39.30.090.

31 * **Sec. 7.** AS 39.30.091 is amended by adding new subsections to read:

1 (b) If the department is required by (a) of this section to procure excess loss
 2 insurance in connection with coverage of a school district's employees, the department
 3 may allocate the cost of that insurance across all school districts that are covered by
 4 self-insurance provided by the department under this section.

5 (c) In this section, "school district" means a municipal school district or a
 6 regional educational attendance area.

7 * **Sec. 8.** AS 39.30.098 is amended to read:

8 **Sec. 39.30.098. Regulations.** The commissioner of administration may adopt
 9 regulations to implement AS 39.30.090 - 39.30.097. Regulations adopted [BY THE
 10 COMMISSIONER] under this section are [RELATE TO THE INTERNAL
 11 MANAGEMENT OF STATE AGENCIES, AND THEIR ADOPTION IS] not subject
 12 to AS 44.62 (Administrative Procedure Act).

13 * **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to
 14 read:

15 APPLICABILITY. Sections 1 - 8 and 10 of this Act apply to a contract or collective
 16 bargaining agreement that becomes legally binding on or after the effective date of secs. 1 - 8
 17 and 10 of this Act.

18 * **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to
 19 read:

20 TRANSITION. A school district that maintains a self-funded insurance reserve before
 21 the effective date of secs. 1 - 8 and 10 of this Act for the purpose of paying employee health
 22 insurance claims shall transfer the closing balance of that reserve to the group health and life
 23 benefits fund under AS 39.30.095 not later than 30 days after enrolling in a health care plan
 24 administered by the state under AS 39.30.090 or 39.30.091. An amount transferred by a
 25 school district under this section shall be applied to offset reimbursement owed by that school
 26 district under AS 14.20.137(d) as enacted in sec. 3 of this Act.

27 * **Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to
 28 read:

29 REGULATIONS. The commissioner of administration shall adopt regulations
 30 necessary to implement the changes made by this Act. The regulations may take effect after
 31 the effective date of the law implemented by the regulation.

- 1 * **Sec. 12.** Sections 10 and 11 of this Act take effect immediately under AS 01.10.070(c).
- 2 * **Sec. 13.** Except as provided in sec. 12 of this Act, this Act takes effect July 1, 2014.