

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 66

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - SECOND SESSION

**BY REPRESENTATIVES MILLETT, Josephson, Muñoz, Kito, LeDoux, Lynn, Tuck, Kreiss-Tomkins,
Kawasaki, Drummond**

Introduced: 2/22/16

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to providing medical insurance coverage to certain surviving spouses**
2 **and dependent children of peace officers and firefighters; and providing for an effective**
3 **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 14.25.480, AS 22.25.090, AS 39.35.535, 39.35.880, or former AS 39.37.145,
9 employees of other participating governmental units, or persons entitled to coverage
10 under AS 23.15.136, subject to the following conditions:

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

1 (2) each eligible employee of the state, the spouse and the unmarried
2 children chiefly dependent on the eligible employee for support, [AND] each eligible
3 employee of another participating governmental unit, **and each person who is eligible**
4 **for coverage under (13) of this subsection** shall be covered by the group policy,
5 unless exempt under regulations adopted by the commissioner of administration;

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

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

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

11 (C) the commissioner of administration approves the
12 participation in writing;

13 (4) in procuring a policy of group health or group life insurance as
14 provided under this section or excess loss insurance as provided in AS 39.30.091, the
15 Department of Administration shall comply with the dual choice requirements of
16 AS 21.86.310, and shall obtain the insurance policy from an insurer authorized to
17 transact business in the state under AS 21.09, a hospital or medical service corporation
18 authorized to transact business in this state under AS 21.87, or a health maintenance
19 organization authorized to operate in this state under AS 21.86; an excess loss
20 insurance policy may be obtained from a life or health insurer authorized to transact
21 business in this state under AS 21.09 or from a hospital or medical service corporation
22 authorized to transact business in this state under AS 21.87;

23 (5) the Department of Administration shall make available bid
24 specifications for desired insurance benefits or for administration of benefit claims and
25 payments to (A) all insurance carriers authorized to transact business in this state
26 under AS 21.09 and all hospital or medical service corporations authorized to transact
27 business under AS 21.87 who are qualified to provide the desired benefits; and (B)
28 insurance carriers authorized to transact business in this state under AS 21.09, hospital
29 or medical service corporations authorized to transact business under AS 21.87, and
30 third-party administrators licensed to transact business in this state and qualified to
31 provide administrative services; the specifications shall be made available at least once

every five years; the lowest responsible bid submitted by an insurance carrier, hospital or medical service corporation, or third-party administrator with adequate servicing facilities shall govern selection of a carrier, hospital or medical service corporation, or third-party administrator under this section or the selection of an insurance carrier or a hospital or medical service corporation to provide excess loss insurance as provided in AS 39.30.091;

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

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

(8) a person electing to have insurance under (7) of this subsection shall pay the cost of this insurance;

(9) for each permanent part-time employee electing coverage under this section, the state shall contribute one-half the state contribution rate for permanent full-time state employees, and the permanent part-time employee shall contribute the other one-half;

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

(11) a person receiving benefits under AS 14.25, AS 22.25, AS 39.35, or former AS 39.37 may obtain long-term care insurance for that person and eligible dependents under this section; a person who elects insurance under this paragraph shall pay the cost of the insurance premium; the commissioner of administration shall

adopt regulations to implement this paragraph;

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

(13) each person who is eligible to receive a benefit under AS 39.35.430 or 39.35.892 as the surviving spouse or dependent child of a peace officer or firefighter is eligible for employee coverage under the policy of group insurance under this subsection that covered the peace officer or firefighter; this paragraph does not apply to a surviving spouse who is eligible for Medicare.

* Sec. 2. AS 39.30.095 is amended by adding a new subsection to read:

(g) Notwithstanding (b) and (e) of this section, for the cost of providing benefits under AS 39.30.090(a)(13), the commissioner of administration shall set the rate of employer contribution at 100 percent.

* Sec. 3. 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; this paragraph does not apply to a dependent child who is eligible to receive a benefit under AS 39.30.090(a)(13).

* Sec. 4. 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 who was employed as a peace officer or firefighter, the surviving spouse of the deceased member who has received payment of a pension under AS 39.35.430 and who is eligible for Medicare [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. 5.** AS 39.35.535(c) is amended to read:

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

(1) a person, other than a disabled member or a disabled member who is appointed to normal retirement, must pay an amount equal to the full monthly group premium for retiree major medical insurance coverage if the person is

(A) younger than 60 years of age and has less than

(i) 25 years of credited service as a peace officer under AS 39.35.360 and 39.35.370; or

- 1 (ii) 30 years of credited service under AS 39.35.360 and
 2 39.35.370 that is not service as a peace officer; or
 3 (B) of any age and has less than 10 years of credited service;
 4 (2) a person is not required to make premium payments for retiree
 5 major medical coverage if the person
 6 (A) is a disabled member;
 7 (B) is a disabled member who is appointed to normal
 8 retirement;
 9 (C) is 60 years of age or older and has at least 10 years of
 10 credited service; [OR]
 11 (D) has at least
 12 (i) 25 years of credited service as a peace officer under
 13 AS 39.35.360 and 39.35.370; or
 14 (ii) 30 years of credited service under AS 39.35.360 and
 15 39.35.370 not as a peace officer; or
 16 **(E) is receiving a benefit under (a)(3) of this section.**

17 * **Sec. 6.** AS 39.35.870(a) is amended to read:

18 (a) [IN ORDER TO OBTAIN MEDICAL BENEFITS UNDER AS 39.35.880,
 19 AN ACTIVE MEMBER MUST RETIRE DIRECTLY FROM THE PLAN.] A
 20 member is eligible to retire [FROM THE PLAN] if the member [HAS BEEN AN
 21 ACTIVE MEMBER FOR AT LEAST 12 MONTHS BEFORE APPLICATION FOR
 22 RETIREMENT AND]

23 (1) [THE MEMBER] has at least 25 years of membership service as a
 24 peace officer or firefighter or at least 30 years of membership service for all other
 25 employees; or

26 (2) [THE MEMBER] reaches the normal retirement age and has at
 27 least 10 years of membership service.

28 * **Sec. 7.** AS 39.35.870(c) is repealed and reenacted to read:

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

31 (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; and

(3) a deceased member's surviving spouse who is eligible for Medicare, if the deceased member was employed as a peace officer or firefighter and the deceased member's surviving spouse has received payment of a benefit under AS 39.35.892.

* **Sec. 8.** 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. 9.** 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. 10.** 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) of this section shall be paid until the last day of the month in which there is no surviving spouse.

* **Sec. 11.** 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 children of the eligible member if the member is the elector;

(2) the surviving spouse and the dependent children of the eligible member 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. 12.** AS 39.35.880(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**

1 **coverage** [DIES] or fails to make a required premium payment.

2 * **Sec. 13.** AS 39.35.880 is amended by adding a new subsection to read:

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

6 * **Sec. 14.** AS 39.35.894 is amended to read:

7 **Sec. 39.35.894. Premiums for retiree major medical insurance coverage**
8 **upon termination of disability benefits or survivor's pension.** The premium for
9 retiree major medical insurance coverage payable by an employee whose disability
10 benefit is terminated under AS 39.35.890(g) or by an eligible survivor whose survivor
11 pension is terminated under AS 39.35.890(k) [OR 39.35.892(e)] when the employee
12 would have been eligible for normal retirement if the employee had survived shall be
13 determined under AS 39.35.880(g)(2) as if the employee or survivor were eligible for
14 Medicare.

15 * **Sec. 15.** AS 39.35.990(24) is amended to read:

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

19 * **Sec. 16.** AS 14.25.480(c) and AS 39.35.880(c) are repealed.

20 * **Sec. 17.** The uncodified law of the State of Alaska is amended by adding a new section to
21 read:

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

23 * **Sec. 18.** This Act takes effect immediately under AS 01.10.070(c).