

**ALASKA STATE LEGISLATURE  
HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

June 3, 2016

11:02 a.m.

**MEMBERS PRESENT**

Representative Kurt Olson, Chair  
Representative Jim Colver  
Representative Gabrielle LeDoux  
Representative Cathy Tilton  
Representative Andy Josephson  
Representative Sam Kito  
Representative Mike Chenault (alternate)

**MEMBERS ABSENT**

Representative Shelley Hughes, Vice Chair

**OTHER LEGISLATORS PRESENT**

Representative Lori Reinbold

**COMMITTEE CALENDAR**

HOUSE BILL NO. 4002

"An Act relating to major medical insurance coverage under the Public Employees' Retirement System of Alaska for certain surviving spouses and dependent children of peace officers and firefighters; and providing for an effective date."

- HEARD AND HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 4002

SHORT TITLE: INS. FOR DEPENDS. OF DECEASED FIRE/POLICE

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

05/23/16	(H)	READ THE FIRST TIME - REFERRALS
05/23/16	(H)	L&C, FIN
05/26/16	(H)	L&C AT 11:00 AM BILL RAY CENTER 208
05/26/16	(H)	Heard & Held
05/26/16	(H)	MINUTE(L&C)
05/31/16	(H)	L&C AT 1:15 PM BILL RAY CENTER 208
05/31/16	(H)	-- MEETING CANCELED --
06/01/16	(H)	L&C AT 1:15 PM BILL RAY CENTER 208

06/01/16 (H) Heard & Held  
06/01/16 (H) MINUTE(L&C)  
06/02/16 (H) L&C AT 1:15 PM BILL RAY CENTER 208  
06/02/16 (H) -- MEETING CANCELED --  
06/03/16 (H) L&C AT 11:00 AM BILL RAY CENTER 208

#### **WITNESS REGISTER**

KATE SHEEHAN, Director  
Division of Personnel and Labor Relations  
Department of Administration  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 4002.

MICHELE MICHAUD, Chief Health Official  
Division of Retirement and Benefits  
Department of Administration  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 4002.

JAKE METCALFE, Executive Director  
Public Safety Employees Association, Inc. (PSEA), Local 803  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in favor of HB 4002 and answered questions.

SHAUN KUZAKIN, Alaska State Trooper  
Division of Alaska State Troopers  
Department of Public Safety  
Southeast Vice President, Public Safety Employees Association,  
Inc. (PSEA), Local 803  
Douglas, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 4002.

BRAD WILSON, Business Manager  
Alaska Correctional Officers Association  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in favor of HB 4002, and answered a question.

#### **ACTION NARRATIVE**

[11:02:41 AM](#)

**CHAIR KURT OLSON** called the House Labor and Commerce Standing Committee meeting to order at 11:02 a.m. Representatives Olson, Tilton, Chenault (alternate), Kito, and Josephson were present at the call to order. Representatives LeDoux and Colver arrived as the meeting was in progress. Also present was Representative Reinbold.

**HB4002-INS. FOR DEPENDS. OF DECEASED FIRE/POLICE**

[11:02:55 AM](#)

CHAIR OLSON announced that the only order of business would be HOUSE BILL NO. 4002, "An Act relating to major medical insurance coverage under the Public Employees' Retirement System of Alaska for certain surviving spouses and dependent children of peace officers and firefighters; and providing for an effective date."

[11:04:04 AM](#)

KATE SHEEHAN, Director, Division of Personnel and Labor Relations, Department of Administration, said she was present to answer questions.

CHAIR OLSON asked whether Ms. Sheehan was involved in the drafting of the bill.

MS. SHEEHAN said no.

[11:04:54 AM](#)

MICHELE MICHAUD, Chief Health Official, Division of Retirement and Benefits, Department of Administration, informed the committee the bill was drafted primarily by the Department of Law, and she was involved as well. In further response to Chair Olson, she said due to time constraints, the drafters limited the options of the bill to the pension plan.

CHAIR OLSON noted that the National Association of Insurance Commissioners provided a summary of what other states have done; he expressed his and others' concern about the amount of the fiscal note, and questioned what other options "had been looked at and maybe not accepted for one reason or another ...."

MS. SHEEHAN directed attention to a written response to questions from DOA, dated 9/14/15, which was provided in the committee packet. The response indicated that DOA bargained

some additional benefits into collective bargaining agreements, including life insurance and travel accident insurance, in 2013 and 2014.

CHAIR OLSON said one aspect was to increase the cap on life insurance.

MS. MICHAUD said yes. The previous cap was \$48,000 and now there are options for life insurance coverage up to \$300,000. In further response to Chair Olson, she said state employees can also elect up to \$300,000, and the new cap was first available during open enrollment in 2015.

REPRESENTATIVE CHENAULT asked whether life insurance is elective or mandatory.

MS. MICHAUD stated that life insurance is a voluntary benefit available to purchase during open enrollment, or when one is first employed.

REPRESENTATIVE CHENAULT asked whether travel and accident insurance are negotiated into the contract, or are options for members to elect.

[11:09:54 AM](#)

MS. SHEEHAN responded that the aforementioned are negotiated, and do not have to be elected. In further response to Representative Chenault, she said the travel and accident insurance is paid to a member in travel status in addition to what may be settled, for example, with an airline carrier.

CHAIR OLSON offered that a settlement from an airline would reimburse workers' compensation. The Division of Insurance, Department of Commerce, Community & Economic Development, will provide further testimony regarding insurance coverage.

REPRESENTATIVE JOSEPHSON understood that the life insurance premium is paid by the employee.

MS. MICHAUD explained that there are two types of life insurance: the basic policy is covered by the employer, and an employee has the option of adding coverage up to their annual salary, including the travel/accident. In addition, there are voluntary benefits elected during open enrollment, which are paid by the member as a pretax contribution. In further response to Representative

Josephson, she clarified that the voluntary benefits include the policy up to \$300,000.

REPRESENTATIVE KITO surmised that the bargaining agreements do not contain survivor benefits for health care premiums, thus resolving this issue is the purpose of HB 4002.

MS. SHEEHAN said correct.

CHAIR OLSON asked about coverage for children if there is no surviving spouse.

MS. MICHAUD advised that currently, if a member dies an occupational death and there is no surviving spouse, a dependent child is not entitled to medical benefits.

REPRESENTATIVE KITO pointed out the Department of Health and Social Services has not commented on whether the children would become wards of a foster parent, of the state, or of a relative, and thereby may be eligible for insurance under guardianships.

[11:14:36 AM](#)

REPRESENTATIVE JOSEPHSON asked whether the bill covers a member working in an office who dies of natural causes.

MS. MICHAUD said there are some limits to voluntary benefits, such as suicide, but for the most part there is a payable benefit in the event of a death.

REPRESENTATIVE JOSEPHSON asked what percent of members apply for voluntary benefits, and whether members are encouraged to apply.

MS. MICHAUD was unsure.

CHAIR OLSON requested DRB provide a response by [6/6/16].

REPRESENTATIVE JOSEPHSON posited a case of a trooper who did not elect a higher benefit and suffered a tragedy, and his/her dependents received the mandatory, automatic benefits of \$60,000 to \$100,000. He asked if there are other benefits that the dependents would receive.

MS. MICHAUD explained that without electing the option of voluntary benefits, the dependents would receive the basic and travel and accident insurance, as well as unpaid leave, and any occupational death benefits to which they are entitled.

REPRESENTATIVE COLVER asked what amount workers' compensation would pay on an occupational injury.

MS. MICHAUD was unsure.

CHAIR OLSON said he thought "70 percent," if there is a spouse and children.

[11:18:32 AM](#)

REPRESENTATIVE JOSEPHSON suggested that the committee hear testimony in this regard from the Division of Workers' Compensation, Department of Labor & Workforce Development.

[11:19:15 AM](#)

There followed general discussion regarding the substance and hearing schedule of the bill.

[11:19:54 AM](#)

REPRESENTATIVE LEDOUX referred to an untitled document in the committee packet provided by DOA and dated 6/1/16, which indicated there were more Department of Transportation & Public Facilities (DOTPF) deaths than state trooper deaths. She asked for the percentages instead, noting that there are more DOTPF employees.

MS. SHEEHAN said DOTPF has 3,000 employees and there are approximately 300 state troopers. In further response to Representative LeDoux, she agreed that the percentage of troopers who are lost in the line of duty is probably greater, and said she would provide the requested percentages.

CHAIR OLSON observed that there are eight agencies with fatalities.

REPRESENTATIVE COLVER suggested creating a pool of designated funds to pay health and life insurance policies for "risky occupations."

CHAIR OLSON agreed that if most state employees voluntarily participate in that type of program, premiums could go down.

[There followed discussion related to designated funding and the fiscal information necessary to review the bill.]

[11:26:18 AM](#)

REPRESENTATIVE COLVER suggested a levy of \$0.02 per hour to pay for a benefit package that could include life insurance to insure "all of these families," not as an elective benefit, but to cover on-the-job injuries.

CHAIR OLSON stated his intention is for the proposed legislation to do as much as possible with the money that is available, so the bill can proceed through two finance committees.

REPRESENTATIVE JOSEPHSON expressed his interest in working on all of the foregoing issues; however, the governor's call [for the fourth special session of the Twenty-Ninth Alaska State Legislature, HB 4002] is restricted to specific circumstances, and has a reasonable fiscal note attached. He suggested working on the other broader tasks during interim.

CHAIR OLSON questioned the demand for a broader scope from the administration.

REPRESENTATIVE LEDOUX relayed her preference is to proceed with [HB 4002] which is a simple bill to take care of a specific group of people, with a small fiscal note attached. She suggested that the committee deal with HB 4002 and the issues included in the governor's call, and then continue to work on the more complex problems next session.

CHAIR OLSON opined there is time to address these issues now.

[11:31:24 AM](#)

JAKE METCALFE, Executive Director, Public Safety Employees Association, Inc. (PSEA), Local 803, stated that from the perspective of PSEA, HB 4002 provides major medical insurance to survivors, including the spouse and children of peace officers and firefighters killed in the line of duty. The effect of the bill is limited to peace officers and firefighters because these employees must serve in dangerous situations, and other employees do not have to risk their health and safety. Further, the beneficiaries of the bill only receive benefits if a spouse or parent dies in the line of duty. Fourteen other states provide this benefit to police officers and firefighters, and the U.S. military provides this and additional coverage to officers killed in the line of duty. Mr. Metcalf said HB 4002 has overwhelming support statewide from political and community

leaders; in fact, the fiscal note of the bill should be indeterminate because benefits have been provided to "the three families that are, are at issue here," and future situations are unknown. Furthermore, HB 4002 is not an equal protection problem, since none of the other states providing similar coverage have been sued, and research indicates that the legislation is a legally justified benefit. Mr. Metcalf concluded that the benefit provided is limited to major medical coverage to a spouse and survivors of a peace officer, firefighter, or police officer killed in the line of duty in Alaska - which the state should provide - and he urged for passage of the bill.

[11:37:07 AM](#)

CHAIR OLSON asked what life insurance benefits are provided under PSEA's current contract.

MR. METCALF said there is a life insurance benefit of \$200,000, which is an increase from a prior contract. He remarked:

The Toll family, the, the Rich family, or the ...  
Scott Johnson family, they got the \$100,000 benefit  
because they died before the new contract went into  
effect.

REPRESENTATIVE CHENAULT asked whether employees have to pay for the \$200,000 life insurance policy.

MR. METCALF said no. During negotiations, the state offered to increase life insurance from \$100,000 to \$200,000.

REPRESENTATIVE CHENAULT questioned if in the other fourteen states, health care coverage for dependents of slain officers was effected by legislation, or negotiated in contracts.

MR. METCALF advised there were various methods, but all were by statute. In Michigan, legislation was passed with a zero fiscal note; in Minnesota, the benefit garnered "no cost, it was passed by statute," and the most recent state was Utah in 2015, with an indeterminate or zero fiscal note. He offered to provide further research.

REPRESENTATIVE KITO surmised that the bill covers all police officers and firefighters in the state who are members of PERS; contract negotiations would cover those employees within the state bargaining units, such as troopers, or within a municipal

bargaining unit for police officers. Thus, the bill guarantees that a [qualified] employee in the PERS system, at a municipal or state level, would receive a health benefit without further negotiation, with the exception of Village Public Service Officers (VPSOs).

MR. METCALF agreed, and pointed out that although PSEA represents municipal police departments, as well as state police officers, some municipalities are not represented by collective bargaining, and the bill extends the benefit to members of PERS.

CHAIR OLSON asked whether the City of Kenai was represented by PSEA.

MR. METCALF said no. In further response to Chair Olson, related to an incident in the past, he said the bill would provide for others affected in a similar manner.

[11:44:25 AM](#)

SHAUN KUZAKIN, Alaska State Trooper, Division of Alaska State Troopers, DPS, and Southeast vice president, Public Safety Employees Association (PSEA), informed the committee that VPSOs are not state employees, but are trained at the Department of Public Safety Training Academy. Mr. Kazukin said that VPSOs are employed by regional corporations.

CHAIR OLSON said he was told that VPSOs in Barrow are covered by PERS.

MR. KUZAKIN deferred the question to DPS. He added that VPSOs are not certified by the Alaska Police Standards Council, DPS, as all other peace officers are and do not have a badge. Some are armed by authorizations through regional corporations.

REPRESENTATIVE JOSEPHSON clarified that Point Hope has its own highly-trained police force whose members work for the North Slope Borough and are PERS employees. In [NANA Regional Corporation Inc.] region, there are troopers, the Kotzebue Police Department, and VPSOs. He said he is convinced that the greater issue concerning VPSOs should be considered during interim.

REPRESENTATIVE LEDOUX stated that although VPSOs would not be affected by HB 4002, there are other VPSO employment problems that need attention.

CHAIR OLSON said he would not disagree, and the issue needs to be addressed.

REPRESENTATIVE LEDOUX opined the issue does not need to be addressed "in the context of this bill."

[11:48:00 AM](#)

The committee took an at ease from 11:48 a.m. to 11:52 a.m.

[11:52:25 AM](#)

BRAD WILSON, Business Manager, Alaska Correctional Officers Association, spoke in favor of the bill on behalf of all correctional officers. Along with all police officers, at certain times correctional officers deal with combative individuals and must respond. This is a very important bill that will protect families by providing the insurance they need.

CHAIR OLSON asked about accidental death benefits that are provided through the collective bargaining process.

MR. WILSON said correctional officers are "consistent" with others regarding benefits.

CHAIR OLSON spoke on an unrelated matter regarding blood borne pathogens.

There followed discussion regarding upcoming public testimony.

[11:56:42 AM](#)

CHAIR OLSON announced HB 4002 was held over.

[11:57:05 AM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 11:57 a.m.