

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

June 6, 2016  
10:05 a.m.

**MEMBERS PRESENT**

Representative Kurt Olson, Chair  
Representative Shelley Hughes, Vice Chair  
Representative Jim Colver  
Representative Gabrielle LeDoux  
Representative Cathy Tilton  
Representative Andy Josephson  
Representative Sam Kito

**MEMBERS ABSENT**

Representative Mike Chenault (alternate)

**OTHER LEGISLATORS PRESENT**

Representative Lora 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."

- WAIVED OUT OF COMMITTEE

**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
06/03/16	(H)	Heard & Held
06/03/16	(H)	MINUTE(L&C)
06/04/16	(H)	L&C AT 11:00 AM BILL RAY CENTER 208
06/04/16	(H)	Heard & Held
06/04/16	(H)	MINUTE(L&C)
06/06/16	(H)	L&C AT 8:00 AM BILL RAY CENTER 208

**WITNESS REGISTER**

MARIE MARKS, Director  
 Division of Workers' Compensation  
 Department of Labor & Workforce Development  
 Juneau, Alaska

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

SCOTT JORDAN, Director  
 Division of Risk Management  
 Department of Administration  
 Juneau, Alaska

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

KONRAD JACKSON, Staff  
 Representative Kurt Olson  
 Alaska State Legislature  
 Juneau, Alaska

**POSITION STATEMENT:** Speaking on behalf of Representative Olson, answered questions during the hearing on HB 4002.

**ACTION NARRATIVE**

[10:05:01 AM](#)

**CHAIR KURT OLSON** called the House Labor and Commerce Standing Committee meeting to order at 10:05 a.m. Representatives Olson, Colver, Tilton, Kito, Josephson, and LeDoux were present at the call to order. Representative Hughes arrived as the meeting was in progress. Also present was Representative Reinbold.

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

10:05:16 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."

10:06:47 AM

MARIE MARKS, Director, Division of Workers' Compensation, Department of Labor & Workforce Development, in response to Chair Olson, said the division is researching data on 22 fatalities in 2015 in order to determine the number of police officers, firefighters, or State of Alaska employees.

CHAIR OLSON said the completed data will be provided to the House Finance Committee. He then asked for information on death benefits provided under workers' compensation.

MS. MARKS informed the committee that under the terms of the Alaska Workers' Compensation Act, when an employee suffers a work-related [death], the Act provides certain benefits to the surviving spouse and any eligible dependents as follows: reasonable and necessary funeral expenses not exceeding \$10,000; a lump sum payment of \$5,000 paid to the surviving spouse or equally divided among surviving children; an ongoing benefit paid to the surviving spouse and children, which is calculated on the number of surviving children, and is paid for twelve years unless the spouse remarries or reaches retirement age. The benefit is paid to the children until they reach nineteen years of age, or for four more years if attending college.

CHAIR OLSON asked whether the calculation is based on a percentage of the decedent's salary.

MS. MARKS said the calculation is based on a percentage of the spendable weekly wage. A surviving spouse with no children would receive 80 percent; if there were one child, the spouse would receive 50 percent, and the child would receive 40 percent. For example, if an employee earned an average weekly wage of \$1,076, the widow or widower would receive \$673 per week and the child would receive \$538 per week. There is a maximum payable for benefits under workers' compensation of \$1,211 per week.

CHAIR OLSON asked whether workers' compensation could subrogate payments from an accidental death policy.

[10:10:25 AM](#)

MS. MARKS stated that workers' compensation death payments are paid regardless of other insurance; however, Social Security Administration (Social Security) payments may be offset in certain circumstances.

REPRESENTATIVE COLVER questioned whether there is an offset for children who get Social Security benefits from a deceased parent.

MS. MARKS said payments may be reduced by a Social Security offset, and offered to research this issue.

REPRESENTATIVE JOSEPHSON restated that if the deceased is single without dependents, their estate would receive \$10,000 for expenses, and there would be no other compensation.

MS. MARKS affirmed that benefits are payable to dependents, thus if there are no dependents, the benefit would be funeral expenses up to \$10,000.

REPRESENTATIVE JOSEPHSON posited that in the case of an accident that causes the death of a single person without dependents, there could be an Occupational Safety & Health Administration (OSHA), U.S. Department of Labor, violation, but there would be no further investigation.

MS. MARKS confirmed that the Alaska Workers' Compensation Act "is the exclusive liability for workplace, workplace injuries." In the example of a workplace injury to an employee with no dependents to file a claim, no benefits would be payable. In further response to Representative Josephson, she remarked:

Under the Alaska workers' comp. Act, that is correct. It is the exclusive remedy position. In exchange for giving up the right to bring a tort action, the dependents who are making claims do not have to provide, or prove, fault. Or damages, sorry.

REPRESENTATIVE COLVER clarified that the aforementioned provision of workers' compensation applies to any employee statewide.

MS. MARKS explained that the Alaska Workers' Compensation Act provides benefits to dependents. Regarding dependents who are seeking to recover outside the Act, she said she was unsure what dependents' causes of action would be outside of the Act.

[10:15:35 AM](#)

CHAIR OLSON inquired as to whether Ms. Marks was familiar with the [remote site doctrine] which provides workers' compensation coverage to workers in remote sites, such as the Trans-Alaska Pipeline System and canneries. He asked whether workers are covered "24 hours" when working at a remote site.

MS. MARKS said correct.

There followed discussion of an incident at a remote site, and other issues not pertinent to the bill.

REPRESENTATIVE KITO returned discussion to coverage for police and firefighters, and asked whether workers' compensation provides a health care benefit to surviving spouses or dependents.

MS. MARKS advised that it does not provide a health care benefit, but does provide a continuing monetary benefit to be used as the surviving spouse sees fit.

REPRESENTATIVE KITO restated that the bill addresses health care benefits to surviving spouses and dependents, independent of what workers' compensation provides. Although there are cash payments, he questioned the expectation that spouses and dependents would be able to use that money for expensive insurance, when an existing insurance plan is available. He remarked:

It does seem like we have a bill in front of us that addresses that, and I don't know that, that workers' compensation is the place where we need to be really discussing it ... we've got a bill that addresses it, I think that's very clear, in front of us.

[10:20:27 AM](#)

SCOTT JORDAN, Director, Division of Risk Management, Department of Administration (DOA), in response to Chair Olson, said the committee has heard correct answers to all of the questions related to workers' compensation.

REPRESENTATIVE JOSEPHSON posed the situation of a trooper who was killed in an accident, when not specifically on the job or of a criminal nature, and asked whether HB 4002 would apply, and if there would be coverage for the dependents.

MR. JORDAN advised that a trooper at a remote site is covered [twenty-four hours per day, seven days per week (24/7)] under workers' compensation for injury or loss of life.

REPRESENTATIVE JOSEPHSON clarified his question is that if the death was not of a criminal nature, is the bill comprehensive, and whether it would cover the dependents.

MR. JORDAN expressed his understanding that the bill provides coverage for a work-related injury or death; thus at a remote site, in the case of loss of life, there would be worker's compensation death benefits, "and I would assume that this bill would, would then come into play."

CHAIR OLSON observed that [troopers and wildlife officers] often take vehicles home, and asked if a fatal accident off-duty with a state vehicle would be covered.

MR. JORDAN said an employee in a state-issued vehicle is covered until they leave the vehicle.

REPRESENTATIVE LEDOUX asked whether this issue is relative to HB 4002.

CHAIR OLSON explained that the committee needs to look all of the benefits available to one involved in a fatal incident, and workers' compensation is a portion of that.

REPRESENTATIVE COLVER suggested that the chair provide the committee an oral report on the forthcoming committee substitute (CS) for HB 4002.

CHAIR OLSON stated his intention to release the CS this afternoon.

REPRESENTATIVE KITO asked who requested the CS and what the issues are involved, because he had not heard any comments about issues in the bill that need to be addressed. He pointed out the slow pace of hearings on what he characterized as a simple bill, and that if there are changes that have been requested by the chair, the committee needs to be informed.

[10:27:42 AM](#)

KONRAD JACKSON, Staff to Representative Kurt Olson, Alaska State Legislature, speaking on behalf of Representative Olson, explained that some of the changes made by the CS will be minor technical changes that are usually sought by Legislative Legal Services, Legislative Affairs Agency, to bills that were drafted by the Department of Law, including drafting and style changes. The first change is a time limit of 10 years to the benefits for surviving spouses, which was based on provisions from some other states. The other change is that in the event of remarriage, the surviving spouse would no longer qualify for free medical coverage.

REPRESENTATIVE JOSEPHSON surmised the intent of the CS is to meld concepts in workers' compensation with the health care death benefit of HB 4002.

MR. JACKSON said there was no intention to mirror workers' compensation as relates to the children, and the current language of the bill remains unchanged in that regard.

REPRESENTATIVE LEDOUX said she wished to see the bill advance in its present form, and inquired how the chair would schedule amendments.

CHAIR OLSON responded that amendments would be scheduled after 24 hours. He further explained that 13 other states have similar legislation, and the drafters took an average of other states' coverage. The way the bill is written now, one could have full medical up to age 65, and at that point in time have secondary insurance. Regarding the pace of the hearings, he pointed out that the committee waited one year for the first fiscal note, which he understood to be about \$60 million. Two fiscal notes and two actuarial studies were received within the last month.

REPRESENTATIVE LEDOUX questioned whether the \$60 million fiscal note was for a previous iteration of the bill and was unrelated to the "very narrow" bill before the committee.

[10:31:58 AM](#)

CHAIR OLSON said:

I haven't seen that fiscal note, but this one doesn't include any other state employees other than the ones that are listed in the current policy. The only changes that Konrad just laid out are made out to ... the bill as before us, it doesn't add any other classes, it doesn't change any of the definitions of employees, it's just straight spouse support.

REPRESENTATIVE COLVER said he cannot support a 10-year limitation on benefits, because the families' circumstances are unknowable. He opined the benefits are a moral - as well as a financial - obligation to those who have lost their lives in the line of duty; furthermore, in today's world families need insurance coverage for children to age 26. Representative Colver expressed his preference to support the original version.

[10:33:57 AM](#)

CHAIR OLSON recalled that the bill had one hearing in the Senate in two years because there was not a lot of support. He said his goal is to advance a bill that would be passed to the Senate, and opined that HB 4002 would not pass out of the House Finance Committee.

REPRESENTATIVE JOSEPHSON agreed with the foregoing comments of Representatives LeDoux and Colver. He recalled that related legislation proposed in 2014 was designed to do what the previous administration was already doing administratively, and received a tremendous amount of coverage by the media. Representative Josephson cautioned that legislators cannot "assert that this has caught them unawares," and said that it is time to move the bill.

[10:36:16 AM](#)

[The committee took an at ease from 10:36 a.m. to 10:54 a.m.]

[10:54:32 AM](#)

CHAIR OLSON announced that a waiver of the bill would be circulated for committee members' signatures.

[Although a formal motion was not made, HB 4002 was waived out of committee.]

[10:54:39 AM](#)

The committee took an at ease from 10:54 a.m. to 10:56 a.m.

[10:56:40 AM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 10:56 a.m.