

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS STANDING COMMITTEE

May 26, 2016
8:30 a.m.

MEMBERS PRESENT

Senator Bill Stoltze, Chair
Senator John Coghill, Vice Chair
Senator Charlie Huggins
Senator Lesil McGuire
Senator Bill Wielechowski

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE 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 & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB4002

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

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

05/23/16	(S)	READ THE FIRST TIME - REFERRALS
05/23/16	(S)	STA, FIN
05/26/16	(S)	STA AT 8:30 AM BELTZ 105 (TSBldg)

WITNESS REGISTER

SHELDON FISHER, Commissioner
Alaska Department of Administration
Juneau, Alaska

POSITION STATEMENT: Provided an overview and addressed questions regarding SB 4002.

JOHN BOUCHER, Deputy Commissioner

Alaska Department of Administration
Juneau, Alaska

POSITION STATEMENT: Answered questions regarding SB 4002.

LARRY LANGER, Principal Consulting Actuary
Buck Consultants
Chicago, Illinois

POSITION STATEMENT: Addressed the cost and risk assessments associated with SB 4002.

MELISSA BISSETT, Senior Consultant, Health Care Actuary
Buck Consultants
Denver, Colorado

POSITION STATEMENT: Addressed the cost and risk assessments associated with SB 4002.

ACTION NARRATIVE

[8:30:35 AM](#)

CHAIR BILL STOLTZE called the Senate State Affairs Standing Committee meeting to order at 8:30 a.m. Present at the call to order were Senators Wielechowski, Coghill, Huggins, and Chair Stoltze.

SB4002-INSURANCE FOR DEPENDENTS OF DECEASED FIRE/POLICE

[8:31:30 AM](#)

CHAIR STOLTZE announced the consideration of SB 4002. He detailed that the bill was brought before the committee by the administration.

He asked Commissioner Fisher to explain how SB 4002 became one of the 11 bills that were on the special session's agenda.

[8:32:03 AM](#)

SHELDON FISHER, Commissioner, Alaska Department of Administration, Juneau, Alaska, explained that SB 4002 would provide peace officers and fire fighters that are killed in the line of duty with coverage for their families and dependents. He pointed out that there were gaps that the committee would have to address as well as retirement-plan terms that do not provide coverage. He said a number of high-profile peace officer deaths over the past few years brought attention to gaps in the state's current system. He revealed that an initial version of the bill was introduced by Governor Parnell, but the bill's fiscal note

was quite high because all Alaska Public Employees' Retirement (PERS) and Teachers' Retirement System (TRS) employees were covered. He detailed that the bill's final version was submitted as an amendment to SB 91, but the amendment was ultimately pulled. He revealed that the governor's office heard from a number of legislators that supported the bill being addressed in the special session.

8:36:26 AM

CHAIR STOLTZE asked if the sponsor that asked the governor to put it on the special session agenda was from the House.

COMMISSIONER FISHER replied that a number of legislators asked the governor to put the bill on the special session's agenda.

CHAIR STOLTZE asserted that the committee was trying to get to the bill's broader policy ramifications. He asked Commissioner Fisher to provide guidance on the cautions and unintended consequences that were discussed with the entire administration when the legislation was developed to provide certainty of long-term benefits.

COMMISSIONER FISHER specified that the benefit has been provided by funding out of the Department of Public Safety's budget. He said there was no assurance the benefit could continue on a long-term basis and there was a desire to put the benefit in statute.

He disclosed that questions have been asked whether the bill's scope should be expanded or reduced. He noted that expanding the bill could be problematic, particularly because the bill does not cover Village Public Safety Officers (VPSO) and other contracted officers. He added that the Internal Revenue Service (IRS) prohibits non-PERS participants from receiving benefits from the PERS trust fund. He revealed that expanding the PERS fund could endanger the entire fund where the state would risk losing its tax-free status. He added that the Department of Administration has looked at whether the bill covered all peace officers and firefighters as well as state or municipal employees.

He disclosed that one of the Department of Administration's inputs addressed other jurisdictions that created special carve-outs and narrowly defining benefit groups. He revealed that the California Public Employees' Retirement System (CalPERS) has almost become unmanageable because of the breadth of carve-outs that exist in each jurisdiction within the state. He said even

though SB 4002 may not be perfect, the bill was a balance that appropriately focused on peace officers and firefighters with a cost that was reasonable.

[8:39:55 AM](#)

SENATOR MCGUIRE joined the committee meeting.

CHAIR STOLTZE added that the committee was going to ask for the Department of Law's input as well. He asked Commissioner Fisher to address his cautions and sideboards regarding the bill. He noted that Commissioner Fisher had talked about expansion and constriction. He asked what would happen if a public employee union asked that grader operators responding to floods or first responders to emergencies be covered by the benefit as well.

[8:42:13 AM](#)

COMMISSIONER FISHER replied that determining precisely who should be covered was difficult. He agreed that other occupations have dangers associated with them as well. He set forth that there was a history of treating peace officers and firefighters differently. He pointed out that the majority of states offer similar benefit versions to SB 4002. He disclosed that the feeling was the bill was the appropriate right step in light of both the history and limitations that were available. He opined that society sees a difference between a job like a police officer and firefighter where confronting danger was inherent in the job as opposed to other occupations where there was a risk of accident. He summarized that he thought society generally recognizes a different responsibility for the families that are left behind.

CHAIR STOLTZE pointed out that correctional officers were as much a part of the administration of justice as police officers.

[8:45:03 AM](#)

COMMISSIONER FISHER explained that the statutory definition of "peace officer" did include correctional officers.

CHAIR STOLTZE asked that Commissioner Fisher provide a list of who was covered.

COMMISSIONER FISHER detailed that the statutory definition of peace officer and firefighter including the following:

- Police,
- Chief of police,
- Regional public safety officer,

- Correctional officers,
- Correctional superintendents,
- Firefighters,
- Fire chief.

[8:46:13 AM](#)

SENATOR MCGUIRE asked that actuarial evidence be provided regarding death rates to support the benefit's narrow category.

COMMISSIONER FISHER replied that he would get back to Senator McGuire with the actuarial information.

SENATOR HUGGINS noted that Commissioner Fisher mentioned that a majority of states had a similar provision to SB 4002. He asked Commissioner Fisher to provide information on the other states' techniques in approaching the challenge. He asked if consideration was given for a group program where a dollar or two a month was contributed towards a death-benefit pool. He pointed out that the state's unfunded liability was \$7.5 billion and the Legislature has to be careful in taking on more debt.

He called attention to Buck Consultants' letter that said, "Small variations and these approximations and estimates may lead to significant changes in actual measurements." He asked what Buck's letter meant and asked if Buck's statement was a way of saying, "We don't know what's going on."

[8:49:56 AM](#)

COMMISSIONER FISHER replied that the sentence Senator Huggins referred to was standard language that Buck's analysis was based on the best knowledge they have today. He explained that Buck Consultants looks backwards in order to forecast what is going to happen in the future, but analysis may be overstated or understated depending on future changes; for example, mortality rates or medical costs may be higher. He opined that no one can precisely predict the future.

SENATOR HUGGINS remarked that the state's unfunded liability was due to organizations like Buck Consultants getting it wrong. He asked Commissioner Fisher to review Buck Consultants' analysis.

COMMISSIONER FISHER surmised that the unfunded liability arose from both actuarial errors and the dramatic decline in the market that reduced the asset's value. He said Senator Huggins was correct where a set of assumptions at a given time were thought to be reasonable that turned out to be incorrect and the state was left with a substantial unfunded liability.

[8:52:40 AM](#)

CHAIR STOLTZE asked Commissioner Fisher to clarify that health-care costs were calculated in the \$7.5 billion unfunded liability.

COMMISSIONER FISHER answered yes.

SENATOR WIELECHOWSKI asked Commissioner Fisher if the fiscal note from Buck Consultants' report predicts how many officers and firefighters will die in the line of duty as well as the age of spouses, the number of dependents, and how long insurance will be collected.

COMMISSIONER FISHER answered yes. He said the actuarial analysis takes the factors Senator Wielechowski noted as well as the cost of delivering the benefit.

SENATOR WIELECHOWSKI remarked that variables could include a dramatic increase in: insurance costs, additional children being born, marriages, or people dying in the line of duty.

COMMISSIONER FISHER answered yes. He added that the variables Senator Wielechowski pointed out could decrease as well.

[8:54:46 AM](#)

JOHN BOUCHER, Deputy Commissioner, Alaska Department of Administration, Juneau, Alaska, pointed out that given the size of the pool, a large tragic event would be another variable.

CHAIR STOLTZE commented that the committee was making sure that all of the bill's ramifications were known prior to passing any retirement change. He remarked that the state was in a lot of trouble due to retirement issues. He opined that other bargaining units might make an effort to get comparable benefits. He said the question remained whether or not the bill could stand when only being applied to a small group.

[8:56:44 AM](#)

COMMISSIONER FISHER reiterated that he believed that there was a public sense that police and firefighters are different. He pointed out that many states treated police and firefighters differently.

He stated that there were two ways an employee group may request additional coverage: negotiation where similar benefits are demanded or a legal claim that the benefit group is too narrow.

COMMISSIONER FISHER disclosed that he had a conversation with the Department of Law regarding a legal claim. He said he felt comfortable that the legislation would successfully withstand a legal claim.

8:58:47 AM

CHAIR STOLTZE asked Commissioner Fisher if he had a higher level of confidence through the bargaining process or the court process.

COMMISSIONER FISHER answered that he felt confident in both processes.

CHAIR STOLTZE commented that he questioned confidence in predicting the court process.

COMMISSIONER FISHER replied that he was relying on the state's experts.

SENATOR COGHILL stated that he would be interested to hear from the Department of Law regarding a possible legal claim. He asked if the cost of a legal claim would be borne by the trust fund.

COMMISSIONER FISHER answered that the cost would be borne by the employers, but pointed out that the previously noted cap would require additional state assistance.

SENATOR COGHILL commented that he thought a PERS-system trust paying out a narrow benefit would result in a higher potential for litigation. He asked Commissioner Fisher to confirm that payment would come out of the general fund.

9:01:05 AM

COMMISSIONER FISHER explained that the Department of Administration works each year with the actuaries in the Alaska Retirement Management (ARM) Board to define a cost for the benefits that are delivered and those costs are allocated to each employer. He pointed out that because employers are already capped in their contribution rate, increase in essence would fall to the state. He added that the rate noted in the fiscal note was the actuarial estimate of the additional cost necessary to fund the trust fund to pay for the benefits.

CHAIR STOLTZE remarked that asking if the payments would come out of the general fund was too limiting. He asserted that the current discussion addressed the broader-pension obligations which involve the general fund, permanent fund earnings reserve,

constitutional budget reserve, and the dividend which is a derivative of the permanent fund earnings reserve.

SENATOR COGHILL specified that he was addressing the litigation part if the trust fund was going to bear the responsibility. He opined that all of the other people who contribute to the fund would feel that the proposed legislation was too narrow.

[9:03:37 AM](#)

MR. BOUCHER remarked that the state may be subjecting itself to additional litigation, however; there was a long history within the PERS trust funds of peace officers and firefighters having slightly different benefits than all other employees.

SENATOR COGHILL stated that he appreciated Mr. Boucher's remarks for getting at the heart of his question regarding specific law previously made for retirement benefits. He said his concern was that the legislation does not become "flypaper for litigation."

CHAIR STOLTZE said the larger issue pertained to the Legislature going through a lot of pain trying to get a handle on the retirement system. He stated that in spite of everybody's empathy for trying to take care of the problem that the legislation addresses, there was a caution anytime a retirement issue was opened up. He specified that the issue was much broader than the two people or the two families.

[9:05:39 AM](#)

SENATOR COGHILL asked Commissioner Fisher to confirm that SB 4002 would be retroactive to 2013. He inquired how many families would be picked up by the bill.

COMMISSIONER FISHER stated that three families would be captured from 2013 to present.

SENATOR COGHILL asked Commissioner Fisher to confirm that the bill would say being retired was not a requirement and the death benefit would go to health care upon the unfortunate death of the police officer or the firefighter.

COMMISSIONER FISHER explained that the benefit would depend on the person's Defined Contribution Plan (DCR) tier. He detailed that upon the death of the peace officer or firefighter killed in the line of duty, all surviving spouses and dependents would be eligible for premium-free health benefits; however, spouses and dependents for a DCR Plan Tier IV would receive 100 percent premium subsidy until an individual becomes Medicare eligible

and would then pay the portion of the premium as if there had been no death event.

[9:08:54 AM](#)

SENATOR COGHILL asked Commissioner Fisher to clarify benefits for the Tier-IV recipients.

COMMISSIONER FISHER reiterated that once a person becomes Medicare eligible, the person would pay their portion of the cost as if there had been no death.

SENATOR COGHILL asked if the state would pay the premium for a Tier IV recipient until Medicare eligibility.

COMMISSIONER FISHER answered yes.

SENATOR COGHILL asked if the state would cover 100 percent of the benefit.

COMMISSIONER FISHER answered yes. He added that under the DCR Plan, members are required to retire directly from the plan and SB 4002 removes that requirement. He said SB 4002 would also extend the benefit to dependents in the event there was no surviving spouse.

SENATOR COGHILL asked Commissioner Fisher what he meant by, "Members are required to retire directly from the plan."

COMMISSIONER FISHER explained that an example would be a person with five years of service and Tier IV status was killed in the line of duty. He pointed out that there is no opportunity to retire directly from the plan because statutorily a Tier IV person must have 25 years of service and have worked the prior 12 months. He pointed out that in the case of an individual dying prior to reaching the statutory parameters, retiring was technically impossible. He specified that SB 4002 made a technical change that allows the benefit to be provided.

[9:11:43 AM](#)

CHAIR STOLTZE pointed out that Commissioner Fisher remarked about Alaska coming into conformance with other states. He asked that Commissioner Fisher provide further details.

COMMISSIONER FISHER clarified that he did not mean to say that every state does exactly what SB 4002 proposes. He specified that other states provide some form of benefit that varies. He reiterated that there was a broad recognition in the public that

peace officers and firefighters merit a heightened level of benefit in the event of occupational death. He said he would provide the committee with details regarding what other states have done.

CHAIR STOLTZE specified that his question was meant to clarify for the public.

SENATOR COGHILL asked what would occur if a surviving spouse remarried.

MR. BOUCHER answered that the status of the benefit does not change until the surviving spouse becomes Medicare-age eligible.

[9:14:45 AM](#)

SENATOR MCGUIRE stated that she generally supported the concept for SB 4002 and felt that peace officers were different when asked to do the things we do not want to do. She said she would like the Legislature to explore the notion of zero percent contribution and noted three different suggestions:

- Beneficiary pays a percentage by adding "skin in the game,"
- Graduated benefit over a specific time period,
- Ability to pay.

She summarized that she gets the principal and understands the idea of recognizing the service of individuals. She asserted that the questions were not meant to be disrespectful. She said considering where Alaskans can partner was important because the state was not in the position to give all and do all anymore or in the foreseeable future.

[9:19:16 AM](#)

SENATOR HUGGINS asked what the responsibility would be for a municipality if one of its police officers was killed in the line of duty.

COMMISSIONER FISHER replied that the bill as defined contemplates that there would be an increase in the employer contributions. He said theoretically the employer would pick up the cost, but the employer contribution is capped so the state would pay for the additional contribution.

MR. BOUCHER suggested that the peace officers and firefighters be thought of as a group in a kind of "benefit pool" for all the employers that are involved so a specific municipality would not

bear the sole burden, the benefit contribution would be shared across all of the participating employers.

[9:21:30 AM](#)

SENATOR HUGGINS said he would be interested to see what Alaska does versus other states. He asserted that the bill addresses a tragic situation, but noted his disappointment that more spending was requested when the state has a \$4 billion deficit. He noted that the governor expanded Medicaid and asked Commissioner Fisher if the governor had the authority to do the same for the proposed benefit.

[9:25:34 AM](#)

COMMISSIONER FISHER responded that he did not know.

SENATOR HUGGINS stated that his question deserves an answer regarding whether the governor has the authority.

SENATOR WIELECHOWSKI asserted that he had a different perspective than some others in the committee. He admitted that the fiscal note was not insignificant at \$174,000 for FY17 with an increase a few years later to over a couple of hundred thousand dollars; however, when reviewing the capital budget, the Legislature was spending money on new legislative offices and \$1.5 million on new security for the capitol. He stated that the priority order of things in his mind was that there was nothing more important than providing health care for deceased spouses and dependent kids of firefighters and police officers. He affirmed that firefighters and police officers were giving enough "skin in the game" by giving their lives to protect the state. He stated that he supported SB 4002.

CHAIR STOLTZE replied that he did not think Senator Wielechowski's stated philosophy was different from other committee members. He asserted that the committee was looking at the unforeseen ramification.

SENATOR HUGGINS stated that he hoped that he prefaced his comments about the committee's concern about the victims. He pointed out that he was one of the guys that went around the world and put his life on the line.

[9:27:53 AM](#)

SENATOR MCGUIRE said she did not appreciate Senator Wielechowski's remark. She expressed that it would be easy for the committee to say, "Just fund it." She voiced that all committee members felt tremendous empathy for the survivors of

those who have been killed in any circumstances, but certainly in the line of duty. She set forth that the state was in a situation where everything was reevaluated as how to mitigate costs and move forward in the future. She remarked that reevaluating was not inappropriate and reevaluating a new cost would be a violation of the committee members' oath to the constitution. She specified that reevaluating was the point of "skin in the game" and her remark was not meant to imply that the ultimate sacrifice was not given. She admitted that a circumstance like insurance for dependents when presented to committee members has tremendous emotion behind it. She asserted that being in the majority and leading was always more difficult than just making remarks in the minority.

[9:30:03 AM](#)

MR. BOUCHER announced that Larry Langer and Melissa Bissett from Buck Consultants were online to address the committee. He asked Mr. Langer and Ms. Bissett to address the Buck Consulting letter submitted to the committee as well as speaking to some of the comments the committee posed relating to risks of assumption.

[9:32:40 AM](#)

LARRY LANGER, Principal Consulting Actuary, Buck Consultants, Chicago, Illinois, announced that he was available to address the risk element associated with SB 4002.

[9:33:23 AM](#)

MELISSA BISSETT, Senior Consultant, Health Care Actuary, Buck Consultants, Denver, Colorado, announced that she would provide an overview of the letter she wrote, the work Buck Consultants did and the items considered in preparing the fiscal note.

She stated that Buck Consultants' understanding has always been to investigate the impact of potentially providing free medical care to survivors of peace officer and firefighter employees who die in the line of duty. She detailed that Bucks Consultants identified the people and changed the evaluation to reflect no contribution requirements that were dependent on eligibility.

She specified that the bigger impact was on the Tier IV group that had to pay 100 percent of the premium for a potentially longer period. She added that medical-care benefits were also extended to Tier II and Tier III participants that may have been required to pay premiums prior to age 60. She detailed that Buck Consultants changed all of the evaluation parameters to remove the premium subsidy as well as when Medicare eligibility kicks in for a Tier IV spouse. She added that retroactivity back to

January 2013 was also taken into consideration. She summarized that results between the original-draft valuation and the impact from removing the premium requirements was also addressed.

MS. BISSETT addressed the committee's previous question regarding what would happen if a survivor remarries or becomes employed with primary coverage, the plan would pay secondary in those cases. She detailed that the secondary-coverage scenario was a minor adjustment to what was initially projected as far as increasing costs.

She summarized that the results would impact the unfunded liability by \$557,000 and be split between PERS and the DCR Plan.

[9:36:51 AM](#)

MR. BOUCHER asked Ms. Bissett to readdress the scenario where the plan becomes secondary.

MS. BISSETT reiterated that the state plan would become secondary only where a surviving spouse remarries or becomes employed and has another source of primary coverage that he or she elects.

MR. BOUCHER expressed that Ms. Bissett's statement was counter to what he had said earlier. He asked Ms. Bissett to confirm that the cost of the plan would potentially increase if the plan was primary in the instance that she described.

MS. BISSETT answered correct.

COMMISSIONER FISHER clarified that Mr. Boucher's statement regarding the plan's impact of a surviving spouse remarrying was not counter to Ms. Bissett's statement. He specified that the plan does not change the legal right for an individual to receive the benefit after remarrying. He explained that the analysis assumed a percentage of people either take a job or change their marital status which provides access to another plan. He said Buck Consultants' assumption was that the state plan would be secondary to the other plan that ultimately reduces the forecasted cost.

MS. BISSETT concurred with Commissioner Fisher and noted that the results were reflected in Buck's report. She reiterated that the impact on the unfunded liability was an additional \$557,000. She summarized the assumptions considered as follows:

- Health care cost trends,
- Chance of someone being killed in the line of duty,
- Effects of aging where people cost more, especially in the few years prior to Medicare eligibility.

[9:39:55 AM](#)

SENATOR COGHILL remarked that because the state was small, the retroactivity in picking up two versus three families was a significant actuarial change on looking forward. He asked how far Buck Consultants looked back.

MS. BISSETT answered that the fiscal note went back two years.

COMMISSIONER FISHER asked how far Buck Consultants went back to establish historical trend analysis regarding medical, mortality and other trends for forecasting. He assumed that Buck Consultants went back further than two years to calculate trends to forecast into the future.

[9:41:44 AM](#)

MS. BISSETT answered correct. She detailed that Buck looked back at least four years to set health-care cost trends.

COMMISSIONER FISHER asked Ms. Bissett to address mortality trends.

MS. BISSETT replied that mortality trends were based on an experience study that was completed and adopted in 2014. She noted that mortality rates were improving.

SENATOR COGHILL expressed that having police officers deal with circumstances due to what the state was facing was unfortunate. He pointed out that state has paid death benefits to survivors outside of health-care benefits for many years. He asked Ms. Bissett if Buck Consultants looked back and established a trend line based on the benefits that have been paid to survivors.

[9:44:25 AM](#)

MS. BISSETT asked Senator Coghill to clarify that he was wondering about the basis for the mortality assumption.

COMMISSIONER FISHER explained that Senator Coghill was specifically addressing the historical "killed in the line of duty" category rather than overall mortality to calculate the assumption.

SENATOR COGHILL stated that Commissioner Fisher's assumption was correct.

MS. BISSETT reiterated that Buck Consultants did an experience study on group-specific mortality in 2014. She noted that Buck Consultants looked at Alaska-specific experiences dating back five years or more in addition to industry information. She specified that there was a difference between occupational deaths and mortality rates.

CHAIR STOLTZE recalled that the Legislature passed the presumptive-cost bill that was limited to firefighters and first responders. He asked if the stand-alone provision would impact SB 4002.

[9:46:57 AM](#)

MR. BOUCHER answered that he did not see a connection.

CHAIR STOLTZE asserted that the committee's intent was not to inadvertently diminish or make unintended changes just for the purposes of being careful. He stated that the committee's overall concern has not been the cost of the three beneficiaries, but for the long term ramifications. He said he understood the real-people connection and empathy as well as anybody, but the committee wants to vet SB 4002.

SENATOR HUGGINS noted "Obamacare" and asked if subsidizing beneficiaries would be feasible for health care insurance.

[9:49:47 AM](#)

COMMISSIONER FISHER replied that theoretically the state could contemplate going onto the "exchange" to by coverage for the families, but the insurance cost was so high in Alaska that the cost to the state would be substantially more. He specified that the cost of insuring the "pool" in which the people currently reside in was substantially less than the cost of buying a comparable insurance policy on the "exchange."

SENATOR HUGGINS asked Commissioner Fisher to verify if the Obamacare approach would be more costly.

COMMISSIONER FISHER replied that he believed so.

[9:50:51 AM](#)

SENATOR MCGUIRE disclosed that during the wake of Obamacare, she had an idea as part of a permanent-fund restructure to add a provision that allowed Alaskans to "check off" part of their

dividend to become part of a state pool for either health care, retirement or long-term care. She encouraged Commissioner Fisher to have Buck Consultants analyze where a state pool's volumetric numbers could leverage lower rates for Alaskans.

SENATOR MCGUIRE revealed that the reason why she brought up the idea for a state-pool fund was due to the "stratification" of those that receive good benefits and those that do not. She opined that very few Alaskans would have complained about SB 4002 if the bill was considered when oil prices and production were higher. She said the optics for everything have been altered due to the state's economic changes.

[9:55:22 AM](#)

COMMISSIONER FISHER explained that the majority of the increased cost of providing insurance on the exchange was due to high-cost claimants.

SENATOR MCGUIRE clarified that her previous statement referred to a broader point about Alaskan looking for insurance but were relegated to the higher-cost exchange. She opined that the only people in the exchange were those with preexisting conditions.

COMMISSIONER FISHER replied that he agreed with the trend that Senator McGuire pointed out and stated that the Department of Administration shared the same concern. He opined that state worker versus private sector benefits was probably beyond the scope of the day's hearing to dig into the "broad scope." He set forth that the administration and Legislature has attempted to narrow the focus on a group of individuals and be reasonable in light of all of the balancing issues that the committee raised.

[9:58:16 AM](#)

SENATOR MCGUIRE reiterated that she agreed with the bill, but specified that her broader point addressed average Alaskans having access to health care, long-term care and retirement. She challenged Commissioner Fisher to not just deal with the issues before him, but to give broader consideration of what types of opportunities there might be to expand the volume of Alaskans that get access to benefits.

[9:59:40 AM](#)

CHAIR STOLTZE held SB 4002 in committee.

[10:02:34 AM](#)

There being no further business to come before the committee,
Chair Stoltze adjourned the Senate State Affairs Committee at
10:02 a.m.