

HOUSE FINANCE COMMITTEE
February 7, 2017
1:32 p.m.

1:32:57 PM

CALL TO ORDER

Co-Chair Seaton called the House Finance Committee meeting to order at 1:32 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Paul Seaton, Co-Chair
Representative Les Gara, Vice-Chair
Representative Jason Grenn
Representative David Guttenberg
Representative Scott Kawasaki
Representative Dan Ortiz
Representative Lance Pruitt
Representative Steve Thompson
Representative Cathy Tilton
Representative Tammie Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Joan Wilkerson, Civil Attorney, Department of Law; Lisa Weissler, Staff, Representative Andy Josephson; David Teal, Director, Legislative Finance Division.

PRESENT VIA TELECONFERENCE

Daniel Wayne, Attorney, Legislative Legal Services, Alaska State Legislature.

SUMMARY

HB 23 INS. FOR DEPENDS. OF DECEASED FIRE/POLICE

HB 23 was HEARD and HELD in committee for further consideration.

1:33: 12 PM

Co-Chair Seaton discussed housekeeping.

Co-Chair Foster MOVED and asked unanimous consent that Representative Seaton and Representative Foster, the chairs of the House Finance Committee be delegated with the duties and responsibilities under AS 24.08.060 a during regular and special sessions of the 30th Alaska State Legislature and this delegation remains in effect until withdrawn by the committee. The delegation would allow the House Finance Committee to sponsor legislation as a whole, under the discretion of the co-chairs.

Representative Wilson OBJECTED.

Representative Pruitt spoke against the motion. He expressed concern that bills could be introduced that were sponsored by the committee as a whole that were not supported by every member of the committee. He recognized that further discussion of the issue would need to continue, but maintained his discomfort with the motion.

1:37:02 PM

Vice-Chair Gara stated that in the past decade that he had been part of the minority he had never been asked his opinion about the introduction of a committee bill by the co-chairs. He felt that the only difference now was that the co-chairs were asking permission; in the past the action had been taken without asking. He stressed that he supported the motion.

Representative Tilton voiced her objection to the motion.

1:39:15 PM

Representative Guttenberg spoke in favor of the motion. He relayed that it was widely recognized that committee sponsored bills were not always supported by, or representative of, every individual on the committee. He stated that the amendment process would remain the same in committee, and on the floor, and that the bill would evolve through a normal process. He commended the co-chairs for offering the motion, noting that previous co-chairs had not asked permission to employ the same method.

Representative Thompson objected to a blanket authorization of committee sponsorship for legislation.

Representative Wilson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Grenn, Guttenberg, Ortiz, Foster, Seaton
OPPOSED: Pruitt, Thompson, Tilton, Wilson

Representative Kawasaki was absent from the vote.

The MOTION PASSED (6/4).

#hb23

HOUSE BILL NO. 23

"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."

[1:42:28 PM](#)

Co-Chair Foster took control of the gavel. He explained that the following amendments were technical in nature, and were offered by himself and Co-Chair Seaton.

^AMENDMENTS

Co-Chair Seaton MOVED to ADOPT Amendment 1, 30-LS0258\0.16 (Wayne, 2/3/17) (copy on file):

Page 1, line 2:
Delete **"health"**
Insert **"medical"**

Page 1, line 7:
Delete "health"
Insert "medical"

Page 1, line 8:
Delete **"health"**
Insert **"medical"**

Page 1, line 12:

Delete "health"
Insert "medical"

Page 1, line 14:
Delete "health"
Insert "medical"

Page 2, line 16:
Delete "health"
Insert "medical"

Page 2, line 23:
Delete **"health"**
Insert **"medical"**

Page 2, line 25:
Delete "health"
Insert "medical"

Page 3, line 2:
Delete "health"
Insert "medical"

Page 3, line 20:
Delete "health care"
Insert "medical"

Page 3, line 24:
Delete "health"
Insert "medical"

Representative Wilson OBJECTED for discussion.

Co-Chair Foster explained that Amendment 1 would change the term "health insurance" to "major medical insurance". He elaborated that major medical insurance was designed to cover a person for a full gamut of needs, from a routine checkup to catastrophic events. He said that basic health insurance was a cash reimbursement service that could help pay for some, but not all, types of medical services.

JOAN WILKERSON, CIVIL ATTORNEY, DEPARTMENT OF LAW, introduced herself. She agreed with Co-Chair Foster's assessment of the amendment.

Representative Wilson asked whether major medical was currently available for employees and their families.

Ms. Wilkerson replied that policies varied widely. She said that health insurance policy was how the department referred to the active employee plan that covered all state employees under AS 39 30.091. She said that major medical was usually in reference to a retiree medical plan.

Representative Wilson queried whether there was a difference in cost.

Ms. Wilkerson responded that the intent of the amendment was to find one phrase that would describe the coverage that was vital to all people covered under the benefit.

Representative Wilson WITHDREW her OBJECTION.

Co-Chair Seaton asked whether Medicaid and Medicare would be considered major medical.

Ms. Wilkerson replied in the affirmative. She added that the retiree health benefit plan would be included.

Representative Thompson wanted to be sure that the amendment did not increase the amount of coverage that a person would be eligible for by the language change.

[1:46:48 PM](#)

Ms. Wilkerson responded that the intention was to describe a type of plan, not to change the level of care that would be received.

Representative Tilton asked for verification that the terms were defined in statute.

Ms. Wilkerson thought she had seen major medical defined, but she was unable to locate the definition. She believed that they had been defined in a previously offered amendment. She said she would provide the definition at a later date.

There being NO further OBJECTION, Amendment 1 was ADOPTED.

[1:48:55 PM](#)

Co-Chair Seaton MOVED to ADOPT Amendment 2, 30-LS0258\O.24
(Wayne, 2/7/17) (copy on file):

Page 1, following line 4:

Insert a new bill section to read:

"* Section 1. AS 37.05.146(c) is amended by adding a
new paragraph to read:

(90) gifts, donations, and other money
received by the Department of Public Safety for the
purpose of paying major medical insurance premiums for
survivors of police officers and firefighters under AS
39.60."

Page 1, line 5:

Delete "Section 1"

Insert "Sec. 2"

Renumber the following bill sections accordingly.

Page 2, line 2:

Delete "donations and appropriations"

Insert "gifts, donations, and other money"

Page 2, line 3, following "municipality":

Insert "appropriated to the fund"

Page 4, line 26:

Delete "secs. 1 and 2"

Insert "secs. 2 and 3"

Page 4, line 27:

Delete "secs. 1 and 2"

Insert "secs. 2 and 3"

Page 4, line 29:

Delete "Section 3"

Insert "Section 4"

Page 4, line 30:

Delete "sec. 4"

Insert "sec. 5"

Vice-Chair Gara OBJECTED for the purpose of discussion.

Co-Chair Foster explained that the amendment clarified that
the money received by the department to pay the insurance
premiums for state employees, and the through 50 percent
for small municipalities, would be accounted for

separately, and the appropriations for the insurance payments would be made from the fund.

1:49:48 PM

AT EASE

1:52:44 PM

RECONVENED

Co-Chair Foster rolled Amendment 2 to the bottom of amendments.

Co-Chair Seaton WITHDREW his motion to move Amendment 2.

1:53:46 PM

Co-Chair Seaton MOVED to ADOPT Amendment 3, 30-LS0258\0.21 (Wayne, 2/6/17) (copy on file):

Page 3, lines 19 - 31:

Delete all material and insert:

"(e) The amount of a premium payable under this section must be based on the level of major medical insurance benefits the deceased employee was receiving at the time of the employee's death. Payment of premiums shall be made to the applicable employer-sponsored major medical insurance provider as follows:

(1) the commissioner shall pay, from the appropriate account in the fund,

(A) 100 percent for an eligible surviving dependent of a deceased state employee;

(B) 50 percent for an eligible surviving dependent of deceased employee of a small municipality; and

(2) a large municipality shall pay 100 percent for an eligible surviving dependent of a deceased employee of that municipality.

(3) A small municipality shall pay 50 percent for an eligible surviving dependent of a deceased employee of that small municipality."

Page 4, line 11, following "AS 39.60.010;":

Insert a new paragraph to read:

"(7) "large municipality" means a municipality with a population of 10,000 or more according to the latest figures of the United States Bureau of the Census;"

Renumber the following paragraphs accordingly.

Page 4, line 14, following "10,000":

Insert "according to the latest figures of the United States Bureau of the Census"

Vice-Chair Gara OBJECTED for the purpose of discussion.

Co-Chair Foster stated that the amendment clarified the level of health insurance benefits that would be maintained for the survivors of state employees, how the payments of the premiums would be made, and that the definitions of small and large municipality would be based on the latest figures of the U.S. census.

Co-Chair Seaton wondered whether the definition of "large municipality" was based on the census numbers from the time a person died. He was curious about the 100 percent to 50 percent change in coverage over the life of the surviving spouse.

Co-Chair Foster noted Representative Kawasaki had joined the meeting.

Ms. Wilkerson deferred the question to Legislative Legal Services.

LISA WEISSLER, STAFF, REPRESENTATIVE ANDY JOSEPHSON, interjected that the fund was needs based, which meant that there would be no need for a municipality to participate until a death occurred. She added that the population would be taken into account at the time of the person's death.

[1:56:46 PM](#)

Co-Chair Seaton felt that the language of the amendment was vague, and hoped that it could be further clarified for the record.

Ms. Wilkerson agreed that the language should be clarified. She furthered that the clarification should come in the form of policy from the committee.

[1:59:02 PM](#)

Vice-Chair Gara understood that the intention of the amendment was to use the population numbers from the time of the employee's death.

Vice-Chair Gara MOVED Conceptual Amendment 1 to Amendment 3:

Insert the words "at the time of the employees death" on Page 1, Line 21, following the word "more" and on Page 2, Line 4, preceding the work "according".

There being NO OBJECTION, Conceptual Amendment 1 to Amendment 3 was ADOPTED.

Representative Pruitt understood it was still mandated that municipalities participate.

Ms. Weissler replied in the affirmative.

Representative Pruitt queried the need for the amendment.

Ms. Weissler responded the language clarified the section pertaining to the municipal mandate. She said that further explanation could be provided by Legislative Legal Services.

[2:01:52 PM](#)

DANIEL WAYNE, ATTORNEY, LEGISLATIVE LEGAL SERVICES, ALASKA STATE LEGISLATURE (via teleconference), introduced himself.

Representative Pruitt repeated his question.

Mr. Wayne relayed the amendment was intended to clarify how much municipalities were required to pay, and how much the commissioner should pay from the fund.

Representative Pruitt noted the new section AS 39.60.050, highlighted municipal contribution and stated that the premiums should be paid by municipalities.

Mr. Wayne reiterated that the purpose of the amendment was to make the statute more clear.

Vice-Chair Gara WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 3 was ADOPTED as amended.

2:04:14 PM

Co-Chair Seaton MOVED to ADOPT Amendment 4, 30-LS0258\O.12 (Wayne, 2/3/17) (copy on file):

Page 3, line 13:

Delete "reaches 65 years of age"
Insert "is eligible for Medicare"

Vice-Chair Gara OBJECTED for discussion.

Co-Chair Foster explained the amendment clarified that a surviving spouse would become ineligible to receive major medical insurance coverage upon reaching Medicare eligible age, rather than the set age of 65 years old.

Representative Wilson thought that the amendment was unnecessary. She argued that Medicare was considered "major medical".

2:06:05 PM

Representative Wilson MOVED conceptual Amendment 1 to Amendment 4.

Delete all language on Line 12 of page 3.

Vice-Chair Gara OBJECTED. He stated that a definition of major medical was necessary in order to adopt the conceptual amendment. He asserted that the amendment made clear that the benefit ended once a person was eligible for Medicare.

Representative Wilson thought that the committee should have a definition of "major medical" on hand if they were going to craft a bill based on the words. She wondered whether the definition should be written into the bill before it left committee.

Vice-Chair Gara asserted that Amendment 4 did not need to be amended. He said that it would be important to track when a person began receiving Medicare, so that the benefit did not continue. He offered to read a definition of "major medical" into the record.

2:09:26 PM

Representative Wilson maintained her objection to the amendment unless conceptually amended.

Vice-Chair Gara shared that once Medicare began paying for a person, the state no longer needed to provide coverage.

Representative Wilson WITHDREW the conceptual amendment to number 4.

Co-Chair Foster noted that a technical amendment would be needed to address the wrong page number attribution in Amendment 4.

Vice-Chair Gara moved conceptual amendment 2 to Amendment 4.

Remove on Page 1, line 1 "Page 3, line 13", and insert "Page 3, line 12".

There being NO OBJECTION, conceptual Amendment 2 to Amendment 4 was ADOPTED.

Vice-Chair Gara WITHDREW his OBJECTION to Amendment 4.

There being NO further OBJECTION, Amendment 4 was ADOPTED as amended.

[2:13:38 PM](#)

Co-Chair Seaton MOVED to ADOPT Amendment 5, 30-LS0258\0.8 (Wayne, 2/3/17) (copy on file):

Page 1, line 13, following "firefighter.":
Insert "The department shall create in the fund an account for state employees and an account for employees of small municipalities. 11

Page 2, lines 3 - 5:
Delete "The department shall create two separate accounts in the fund, one account for state employees and a separate account for employees of a small municipality."

Vice-Chair Gara OBJECTED for discussion.

Co-Chair Foster explained that the amendment would move the fund setup to the beginning of the bill, for clarity.

Representative Pruitt requested clarification concerning the reason for moving the language.

Mr. Wayne explained that the intention of the amendment was to move the concept from one place in the bill to another.

Representative Pruitt asked why the language needed to be moved.

Mr. Wayne responded that he could not speak as to why the move should be made. He assumed that the move was a matter of writing style.

2:16:07 PM

Vice-Chair Gara stated the two sentences used different words but appeared to say the same thing. He asked whether the amendment had any impact on the meaning of, or coverage in, the bill.

Mr. Wayne replied that he did not believe so. He felt that the meaning of the language was the same.

Vice-Chair Gara asked whether the amendment made the language of the bill "cleaner".

Mr. Wayne replied that Legislative Legal Services tried to make things as clear as possible to the common understanding in order to avoid ambiguity.

Representative Guttenberg expressed appreciation for the amendment.

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Vice-Chair Gara WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment 5 was ADOPTED.

Co-Chair Seaton MOVED to ADOPT Amendment 6, 30-LS0258\0.13 (Wayne, 2/3/17) (copy on file):

Page 4, lines 8 - 9:

Delete all material and insert:

"(5) "firefighter" means a person who is
(A) employed year round full
time buy the state or a municipality in a permanent

position and whose primary duty is to perform fire response services; and

(B) eligible to receive major medical insurance benefits as an employee of the state or a municipality;"

Vice-Chair Gara OBJECTED for discussion.

Ms. Wilkerson explained that the words "year round" had been added because the previous description implied that the person would be a full-time, permanent position. She understood that there were permanent, full-time firefighter positions that were not year round. She said that in order to describe the employee eligible for the benefits, it was necessary to explain that the employee needed to be employed year round. She shared that there could be a negative tax consequence if the benefit was applied, and extended 12 months of health benefits, when the employee was actually receiving only 3 or 4 months of benefits.

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Representative Wilson asked how many seasonal employees received full medical benefits.

Ms. Wilkerson replied that she did not know. She deferred the question to the Division of Retirement and Benefits.

Ms. Wilkerson explained that as the bill was currently written, providing premiums to pay for health care benefits for the survivors of police and firemen, was an exception to certain Internal Revenue Service (IRS) that concern paying taxes on additional benefits. The IRS exception was made because the IRS code had, through revenue rulings, chosen to view the survivors as physically replacing the employee. In order to make the benefit as close to what the employee was receiving as possible, it was necessary to identify the employee to which the benefit was being originally applied.

Representative Wilson understood that the provision only applied to year round employees and their dependents.

Ms. Wilkerson asked for clarification of the question.

Representative Wilson restated her question.

[2:24:18 PM](#)

Ms. Wilkerson responded that the level of care referred to the premium, standard, or economy plan. She said that if the committee wished to arrange the duration of the period of insurance, then it should be separately addressed; presently, the bill considered a 12 month per year medical benefit.

Representative Guttenberg asked whether wildland forest firefighters, who worked 8 to 10 months per year, would be eligible for the benefits under the amendment's definition of firefighter.

Ms. Wilkerson answered that the intention of the amendment was to make it clear the premium was paid to the survivor if an employee had been receiving the payment. The amendment clarified it would apply to a year-round employee. It was possible to make a change, but it would require adjustment and restructuring of the bill by the committee.

Representative Guttenberg expressed concern for benefits for firefighters who did not work year round, but did work full-time.

[2:27:07 PM](#)

Vice-Chair Gara offered a hypothetical involving a firefighter or police officer who was a full-time employee of the state or a municipality, who died in the line of service. He wondered what the harm, or potential IRS consequences, there would be in covering those employee's survivors.

Ms. Wilkerson replied that it was difficult to speak to hypotheticals. She said that the department was concerned that putting the survivor in the "shoes of the employee" benefit-wise could have unintended consequences.

Vice-Chair Gara understood that the department was concerned with covering spouses of deceased employees who had not been year round employees.

Ms. Wilkerson said that the concept was to take an employee that was receiving benefits, and provide the benefits as if the employee continued to live, to the survivor. She stated

that if the employee was only employed four months out of the year, the survivor would not have expected the benefits for the remainder of the year through that employer.

[2:31:17 PM](#)

Co-Chair Foster offered options related to the amendment. He moved the amendment to the bottom of the list.

Co-Chair Seaton WITHDREW his MOTION to adopt Amendment 6. The amendment would was moved to the bottom of the list.

[2:32:07 PM](#)

Co-Chair Seaton MOVED to ADOPT Amendment 7, 30-LS0258\O.14 (Wayne, 2/3/17) (copy on file):

Page 4, line 12:

Delete all material and insert:

"(7) "police officer" means a person who

(A) is employed year round, full time by the state or a municipality in a permanent position;

(B) has the authority and whose primary duty is to arrest and issue citations; detain a person taken into custody until that person can be arraigned before a judge or magistrate; conduct investigations of violations of and enforce criminal laws, regulations, and traffic laws; search with or without a warrant persons, dwellings, and other forms of property for evidence of a crime; and take other action consistent with the exercise of these powers when necessary to maintain the public peace; and

(C) is eligible to receive major medical insurance benefits as an employee of the state or a municipality;"

Vice-Chair Gara OBJECTED for discussion.

Co-Chair Foster explained that the amendment would redefine "police officer" in the bill.

Representative Pruitt requested that the amendment be rolled to the bottom of the list, as it was similar to Amendment 6.

Co-Chair Seaton WITHDREW his Motion to Adopt Amendment 7.
The amendment would was moved to the bottom of the list.

Co-Chair Seaton MOVED to ADOPT Amendment 8, 30-LS0258\0.4
(Wayne, 2/3/17) (copy on file):

Page 3, line 10:
Delete "(1)"

Page 3, line 11:
Delete "; or"
Insert "or 10 years after the date of the
employee's death."

Page 3, line 12:
Delete all material.

Representative Wilson OBJECTED for discussion. She said
that the amendment would put a limit of liability of the
state and municipalities to pay for coverage.

Representative Wilson WITHDREW her OBJECTION.

Vice-Chair Gara OBJECTED. He stated the purpose of the bill
was to provide some benefit to surviving spouses and
children when an employee died in the line of duty. He
believed a 10-year period was arbitrary.

[2:35:56 PM](#)

Representative Thompson clarified the amendment did not
would not end coverage for children until 26 years of age.

Representative Wilson replied in the affirmative.

Representative Pruitt spoke in support of the amendment. He
felt that the goal was to help families transition after
the death of a family member. He spoke of similar efforts
by the military, and noted that the transition period for
those families had an eventual end. He thought that the
fiduciary duty of the state should be balanced with the
transition time by providing a specific end time.

Representative Guttenberg stated that in his experience the
time after death had not been a transition, it had been a
permanent situation. He opposed the amendment.

[2:38:52 PM](#)

Representative Kawasaki appreciated the value of an adequate transition time, but he did not want to be responsible for defining the amount of time a surviving spouse needed. He suspected that the fund would have to be applied for annually, which would already be burdensome for families.

Vice-Chair Gara expressed a personal connection to the issue; his father had been killed when he was 6 years old, which had left his mother without health insurance. He strongly opposed the amendment.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Thompson, Tilton, Wilson
OPPOSED: Grenn, Guttenberg, Kawasaki, Ortiz, Gara, Seaton, Foster

The MOTION to adopt Amendment 8 FAILED (4/7).

[2:42:18 PM](#)

Representative Guttenberg chose to not offer Amendment 9, 30-LS0258\0.1 (Wayne, 2/2/17) (copy on file).

Co-Chair Seaton MOVED to ADOPT Amendment 10.

[2:43:41 PM](#)

AT EASE

[2:44:21 PM](#)

RECONVENED

Co-Chair Seaton WITHDREW his motion to ADOPT Amendment 10.

Representative Kawasaki MOVED to ADOPT Amendment 10, 30-LS0258\0.23 (Wayne, 2/7/17) (copy on file):

Page 1, line 2:
Delete "police"
Insert "peace" 4

Page 1, line 6:

Delete "Police"
Insert "Peace"

Page 1, line 7:
Delete "Police"
Insert "Peace" 12

Page 1, line 9:
Delete "police"
Insert "peace" 16

Page 1, line 10:
Delete "Police"
Insert "Peace" 20

Page 1, line 11:
Delete "police"
Insert "peace"

Page 1, line 13:
Delete "police"
Insert "peace"

Page 2, line 1:
Delete "police"
Insert "peace"

Page 2, line 22:
Delete "police"
Insert "peace"

Page 2, line 24:
Delete "police"
Insert "peace" 16

Page 2, line 28:
Delete "police"
Insert "peace"

Page 4, lines 8 - 9:
Delete "of the state or a municipality employed
to perform fire suppression services;"
Insert "occupying a position as a firefighter or
fire chief;"

Page 4, line 10:

Delete "police"
Insert "peace"

Page 4, line 12:

Delete all material and insert:

"(7) "peace officer" means an employee occupying a position as a peace officer, chief of police, regional public safety officer, correctional officer, correctional superintendent, or probation officer;"

Page 4, line 18:

Delete "police"
Insert "peace" 7

Page 4, line 21:

Delete "police"
Insert "peace"

Representative Wilson OBJECTED for discussion.

Representative Kawasaki explained that the amendment would incorporate the all-encompassing "peace officer" definition for police and firefighters into the bill. He said that the term was defined in statute and that it referred to an employee who was a peace officer, a chief of police, a regional public safety officer, a correctional officer, a correctional superintendent, or a probation officer. He believed that the amendment would correct unequal treatment among officers. He spoke specifically to the treatment of correctional officers.

[2:46:59 PM](#)

Representative Thompson noted the fiscal notes did not include correctional or probation officers. He queried whether the amendment would have impact on the fiscal note.

Representative Kawasaki referred to a list of work-related deaths of Department of Corrections (DOC) officers, in 1988, 1990, 1991, 2002, and 2013, none of the five DOC officers would qualify for benefits under the definition currently contained in the bill. He shared that their injuries had not been due to something sustained at work. He asserted that no probation officers had died on the job.

Co-Chair Seaton spoke to the broadness of the term "peace officer", as opposed to "police officer".

Representative Kawasaki answered that peace officers was defined in the legislation and specifically addressed chiefs of police, regional public safety officers, correctional officers, correctional superintendents, or probation officers. He relayed that the only change from version 0 and the amendment was the inclusion of chiefs of police, correctional superintendents, or probation officers.

[2:50:12 PM](#)

Representative Guttenberg asked for a definition of a regional police.

Ms. Wilkerson answered that, while the term existed in statute, she understood that the job classification no longer existed and that the duties had been subsumed by troopers.

Representative Wilson assumed probation officers included juvenile probation officers. She asked whether parole officers were included in the definition.

Representative Kawasaki answered that the definition included juvenile probation officers, but not parole officers.

Representative Wilson imagined the danger would be similar in both jobs. She wondered about the distinction of safety between parole and probation officers.

Representative Kawasaki replied that did not know whether one job was safer than the other.

Representative Wilson WITHDREW her OBJECTION.

There being NO further OBJECTION, Amendment 10 was ADOPTED.

[2:52:17 PM](#)

Representative Wilson MOVED to ADOPT Amendment 11, 30-LS0258\0.3 (Wayne, 2/3/17) (copy on file):

Page 1, line 8:

Delete "the"
Insert "participating"

Page 3, line 23, following "section.":
Insert "The commissioner may not pay a premium for an eligible dependent of a municipal employee from the fund unless the municipal employer has paid the corresponding premium required under AS 39.60.050."

Page 3, line 25, following "municipality":
Insert "that participates in the fund"

Vice-Chair Gara OBJECTED for discussion.

Representative Wilson explained the amendment would allow municipalities to opt in to the payment of employee premiums.

Vice-Chair Gara stated that under the amendment, a person could be killed in the line of duty and the spouse or children would have no coverage. He stated the purpose of the bill was to provide coverage. He objected to the amendment.

[2:55:10 PM](#)

Representative Wilson appreciated the comments. She rebutted that the current bill did not cover service area firefighters. She argued that the option should be given to municipalities to determine how they wanted to insure their employees.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Thompson, Tilton, Wilson
OPPOSED: Guttenberg, Kawasaki, Ortiz, Gara, Grenn, Foster, Seaton

The MOTION to adopt Amendment 11 FAILED (4/7).

[2:57:17 PM](#)

Representative Wilson MOVED to ADOPT Amendment 12, 30-LS0258\0.2 (Wayne, 2/3/17) (copy on file). [Note: due to

amendment length it has not been included in the minutes. See copy on file.]

Vice-Chair Gara OBJECTED.

Representative Wilson explained the amendment. She emphasized she appreciated the hard work done by state employees, but wondered whether the medical expenses should be paid for out of the general fund.

Co-Chair Foster referred to a handout including the definition of "major medical" (copy on file).

Co-Chair Seaton asked if expanding the bill to various statutes would bleed into the issue of Public Employees' Retirement System (PERS).

Ms. Wilkerson replied in the affirmative. She said that the department was concerned about the impact because premium payments would be extended to all state employees, via eligibility under the PERS Occupational Disability Death Benefit. She relayed that the amendment would apply to PERS members who qualified for the death benefit, and not only police officers and fire fighters. She added that Alaska State Troopers were not covered under current statute.

[3:03:21 PM](#)

Co-Chair Seaton asked if an actuarial fiscal note was required when passing legislation related to PERS employees.

Ms. Wilkerson replied in the affirmative. She detailed that under A.S. 24.08.036, before a bill having an effect on a retirement system was reported to the rules committee it must have an actuarial analysis.

Co-Chair Seaton understood that if the amendment were to be adopted, the bill could not be moved to the House Rules Committee without a fiscal note that provided an actuarial analysis. He wondered what the numbers of the analysis would look like after adding the benefit premiums.

Representative Wilson disagreed that the amendment would lead to the inclusion of PERS and TRS in the bill. She asked to hear from Legislative Legal Services.

3:04:58 PM

Mr. Wayne answered that the amendment did not have an impact on PERS and TRS. He said that the amendment would cross reference sections found in PERS, under which the survivor of an employee who dies in the line of duty can qualify for a survivor pension benefit, not a medical benefit. He stressed that the amendment would not make someone eligible for coverage under PERS, it would make them eligible for employee coverage under the policy of group insurance under the subsection A.S.39.30.091, or 095. He understood that A.S. 39.30.090, 091, and 095 were the three section under which all state employee coverage was authorized and obtained, including the coverage under self-insurance plans obtained by the union representing Alaska State Troopers. He hypothesized that if a trooper were to die on the job, and the bill including the amendment were law, the insurance that the trooper had been receiving as an employee would continue as long as the death had been in the line of duty.

3:09:36 PM

Representative Thompson understood that all state employees were included in the amendment.

Representative Wilson replied in the affirmative. She added that teachers would not be protected because they are not employed by the state, but rather by municipalities.

Vice-Chair Gara MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Pruitt, Tilton, Wilson,
OPPOSED: Kawasaki, Ortiz, Thompson, Gara, Grenn,
Guttenberg, Seaton, Foster

The MOTION to adopt Amendment 12 FAILED (3/8).

3:12:03 PM

Representative Guttenberg MOVED to ADOPT Amendment 13, 30-LS0258\0.20 (Wayne, 2/6/17) (copy on file):

Page 2, lines 2 - 3:

Delete "designated for state employees or employees of a small municipality"
Insert "to the fund based on an amount determined under AS 39.60.020"

Page 2, lines 12 - 13:

Delete "determine the amount of money sufficient to pay premiums under 7 AS 39.60.030"

Insert "set an eligible participant contribution rate based on the payroll for persons who are eligible under AS 39.60.040, the anticipated amount of the premiums payable under 10 AS 39.60.030,"

Representative Wilson OBJECTED for discussion.

Representative Guttenberg relayed that the amendment would create a larger trust; premiums would not be paid, people would pay an assessment on the cost of keeping the fund active. He asserted that the risk would be spread across all of the eligible employees of the state and municipalities.

Representative Ortiz queried how the amendment would impact the burden to municipalities.

Representative Guttenberg believed the amendment would significantly lower the burden to municipalities.

Representative Thompson surmised that the amendment would increase the cost to municipalities. He assumed that the fund could be raided by future legislatures. He stated the legislature could not dedicate funds, and expressed concern that the fund would be used as a slush fund in the future. He queried whether there was a cap on the fund.

[3:15:38 PM](#)

Representative Guttenberg replied that the commissioner, or fund manager, would determine the liability for the fund, and set an eligibility contribution rate. He said that there was no intent to build up a fund beyond what was needed. He relayed that the liability would be spread across the entire spectrum of employees. He reiterated that if there were no deaths in a certain timeframe then no

contribution would be necessary, the rate would only go up to cover deaths, no premiums would be paid.

[3:17:30 PM](#)

Representative Pruitt understood that every state employee would pay approximately \$2 per year to the fund, and was reflected as \$56,000 on the current fiscal note.

Representative Guttenberg replied in the affirmative. He explained that the calculation would be based on the liability of the fund divided by all of the eligible employees.

Representative Pruitt understood that the amendment would remove the pressure from the general fund and place it on potential beneficiaries.

Representative Guttenberg explained that the state and the municipalities would pay a percentage based upon the number of participating beneficiaries. The \$56,000 would be divided by the number of eligible employees, and would be assessed by the state and the municipalities.

Representative Pruitt surmised that the burden to pay the \$2.00, he denounced that the amendment offered any sort of change.

Representative Guttenberg shared that the change was that premiums were not going to be paid, the potential liability would be spread across the entire state of eligible employees.

Representative Pruitt understood that the amendment would mandate municipalities to pay to facilitate the program.

[3:22:16 PM](#)

Representative Guttenberg answered in the affirmative. He reiterated that the amendment would spread the risk across the state, and should decrease everyone's liability significantly.

Co-Chair Seaton pointed to line 8 of the amendment:

"set an eligible participant contribution rate based on the payroll for persons who are eligible under AS 39.060.040,

Co-Chair Seaton thought that the language referred to the eligibility of a spouse that was not on payroll.

Representative Guttenberg deferred to the Legislative Finance Division.

DAVID TEAL, DIRECTOR, LEGISLATIVE FINANCE DIVISION, explained that rather than unduly burden smaller communities with liability, the amendment would require a small contribution to the fund based on payroll. He said that the same amount of money would be collected, as would be collected with premiums, but would be collected by everyone regardless of employer. He said that the advantage of spreading the risk was a safer way of funding the program. He offered the example of Alaska State Troopers, current law the states that the state "shall" pay health insurance premiums for surviving dependents. He pointed out that the word "shall" made the payments subject to appropriation by future legislatures, meaning that the appropriation to fill the fund would need to be requested each year. He offered that the alternative would be to use the fund like the retirement, or working reserve fund, where money was appropriated to the Department of Public Safety, alleviating the worry for future funding. He furthered that contributing the percentage to payroll would result in the \$56,000 that was needed; if someone else were to be killed in the line of duty there would be an automatic salary adjustment, which would be reflected in the budget, and would cover the increase. He relayed that the amendment would help to move away from an annual appropriation and would spread the financial risk. He thought that it could indirectly impact eligibility by making it easy to extend the eligibility to others. He said that if an employer chose to contribute, their employees would be covered, regardless of their job title.

Co-Chair Foster noted several committee members needed to leave for a subcommittee meeting. He concluded the meeting for the day.

[Note: no action was taken on Amendment 13]

HB 23 was HEARD and HELD in committee for further consideration.

3:28:18 PM

Co-Chair Foster relayed the committee would continue to hear the bill the following day.

#

ADJOURNMENT

3:29:12 PM

The meeting was adjourned at 3:29 p.m.