

SENATE FINANCE COMMITTEE

April 5, 2017

9:02 a.m.

[9:02:35 AM](#)

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 9:02 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Anna MacKinnon, Co-Chair
Senator Click Bishop, Vice-Chair
Senator Mike Dunleavy
Senator Peter Micciche
Senator Donny Olson
Senator Natasha von Imhof

MEMBERS ABSENT

None

ALSO PRESENT

Senator John Coghill, Sponsor; Jordan Shilling, Staff to Senator Coghill; Joan Wilkerson, Department of Law; Representative Andy Josephson, Sponsor; Lisa Weissler, Staff, Representative Josephson; Kathie Wasserman, Alaska Municipal League, Juneau; Brandy Johnson, Self, Juneau; Jake Metcalfe, Executive Director, Public Service Employees Association (PSEA), Local 803; Jeff Brink, Police Officer, Member, PSEA Local 803, Juneau.

PRESENT VIA TELECONFERENCE

David Pruhs, City of Fairbanks, Fairbanks; Rebecca Shwanke, Self, Glenallen; Tom Wescott, President, Alaska Professional Firefighters, Eagle River; Paul Kendall, Self, Anchorage.

SUMMARY

SB 48 INS. FOR DEPENDS. OF DECEASED FIRE/POLICE

SB 48 was HEARD and HELD in committee for further consideration.

CSHB 23(FIN)am

INS. FOR DEPENDS. OF DECEASED FIRE/POLICE

CSHB 23(FIN)am was HEARD and HELD in committee for further consideration.

#sb48

SENATE BILL NO. 48

"An Act creating a fund in the Department of Public Safety; providing for payment of certain medical insurance premiums for surviving dependents of certain police officers or firefighters who die in the line of duty; and providing for an effective date."

[9:04:07 AM](#)

SENATOR JOHN COGHILL, SPONSOR, felt that the legislation was immediately necessary. He explained the bill.

Co-Chair MacKinnon announced that the senate version did not contain the option for the Permanent Fund deposit.

Senator Coghill agreed.

[9:10:39 AM](#)

JORDAN SHILLING, STAFF TO SENATOR COGHILL, explained the Sectional Analysis (copy on file):

Section 1

Sec. 39.60.010 - Peace Officer and Firefighter Survivors' Fund.

The peace officer and firefighter survivors' fund is established for the purpose of paying major medical insurance premiums for an eligible surviving spouse or dependent child of a peace officer or firefighter.

The Department of Public Safety shall create two separate accounts within the fund: a

state employee account and a municipal employee account. The accounts can consist of legislative appropriations, private donations, and municipal contributions.

Sec. 39.60.020 - Powers and duties of the commissioner.

Annually, the Commissioner of the Department of Public Safety shall determine the amount of money necessary to pay premiums to eligible surviving dependents.

Sec. 39.60.030 - Payment authorized.

The Commissioner of the Department of Public Safety may use money in the fund to pay major medical insurance premiums for eligible surviving dependents.

Sec. 39.60.040 - Eligibility of surviving dependents of peace officers and firefighters for medical insurance premiums.

Within the first 30 days following a death, the surviving dependent is presumed eligible for the benefit. A surviving dependent may apply to the commissioner for payment of major medical insurance premiums. The commissioner will make a determination of eligibility within 30 days of receiving the application. Annually, the commissioner shall determine continued eligibility.

A surviving dependent is eligible if:

At the time of death, the peace officer or firefighter was a year-round, permanent full-time employee of the state or municipality that has opted into this fund;

At the time of death, the surviving dependent was receiving employer-sponsored medical insurance benefits;

The proximate cause of the employee's death is a bodily injury sustained or a hazard undergone while in the performance and within the scope of the employee's duties; and

The injury or hazard is not the proximate result of willful negligence by the employee.

Co-Chair MacKinnon queried the definition of "approximate cause." Mr. Schilling stated that it was a legal concept.

[9:14:50 AM](#)

JOAN WILKERSON, DEPARTMENT OF LAW, explained that "approximate cause" was an event sufficiently related to a legally recognizable injury to be held to be the cause of that injury. She stated that it was the second half of a two-part causation analysis. The two types of causation in the law were "cause and effect", or that an injury would not have happened but for an event.

Vice-Chair Bishop wondered whether the employee was also covered off-duty. Ms. Wilkerson replied that the coverage applied to an officer who was killed in the line of duty, whether they were paid or not.

Co-Chair MacKinnon wondered whether the person was covered, if they were murdered because they are a police officer. Ms. Wilkerson replied that it would be considered.

Co-Chair MacKinnon looked at page 3, line 17, and noted that there was a member of her community whose family suffered a loss of a firefighter. They struggled under a worker's compensation issue to say that the hazard occurred while the firefighter was on duty. She remarked that there was some information about the higher likelihood to get cancer with exposure to hazards. She wondered whether that idea was included in the idea of "hazard undergone." Ms. Wilkerson replied in the affirmative.

[9:20:32 AM](#)

Mr. Shilling continued to discuss the Sectional Analysis:

A surviving spouse becomes permanently ineligible by becoming eligible to receive commensurate insurance coverage by other means, having received the benefit for 10 years, or reaching 65 years of age - whichever comes first.

A surviving dependent child becomes permanently ineligible by becoming eligible to receive major medical insurance coverage by other means, or reaching 26 years of age - whichever comes first.

The commissioner shall pay the premium for the level of major medical insurance coverage existing at the time of death, beginning the first month following the date the dependent applied to the fund. Payment of premiums will be made directly to the medical insurance provider.

Sec. 39.60.050 - Municipal election to participate in peace officer and firefighter survivors' fund.

A municipality may elect to participate in the fund. The commissioner shall determine the amount and frequency of the municipality's required contributions to the fund, based on the anticipated cost. A surviving dependent is not eligible for payments unless the municipality opts into the fund.

Sec. 39.60.060 - Eligibility of municipal peace officers and firefighters.

A surviving dependent of a peace officer or firefighter who was employed by a municipality may be eligible for payment if the municipality elects to participate in the fund.

Sec. 39.60.070 - Terms of agreement by municipality to participate in fund.

An agreement between the commissioner and a municipality must include a requirement that the municipality contribute to the fund as needed, be current with contributions, and comply with all other rules and regulations.

Sec. 39.60.190 - Definitions.

Definitions for "child", "commissioner", "department", "dependent", "firefighter", "fund", "peace officer", and "surviving spouse".

Section 2

AS 44.41.020 - Powers and duties of department
(new subsection)

The Department of Public Safety shall manage and administer the fund in cooperation with the Department of Administration.

[9:24:08 AM](#)

Senator Olson wondered whether Village Public Safety Officers (VPSO) were covered in the legislation. Mr. Schilling replied that the VPSOs were not covered, because they were not state employees.

Co-Chair MacKinnon looked at page 5, line 23. She stressed that the VPSOs were not able to make arrests. She noted that "peace officers" included more kinds of police.

Senator Micciche noted that the difference between the two bills was related to the ineligibility of the surviving spouse. He queried the reason for the surviving spouse becoming permanently ineligible after ten years. Senator Coghill responded that there was an examination of the other states' provisions and the comparison in the state on other issues.

Senator Micciche wondered if there was a consideration to expand the allowance to provide coverage, should there be a minor child in the household. Senator Coghill replied in the affirmative. He stated that the child would still be covered.

Senator Dunleavy queried the difference between VPSOs and VPOs. Senator Coghill replied that they were both normally under contract with a private organization.

Senator von Imhof noted that there were six families that the state was providing benefits, and each year the money was appropriated for the families. Senator Coghill deferred to Mr. Schilling, but was sure about three families.

Mr. Schilling explained that the fiscal note outlined the number of families that would be covered by the legislation. He stated that the governor had paid coverage for some of the families, but did not have the details.

[9:29:50 AM](#)

Senator von Imhof wondered whether the model was determined that \$70,000 was sufficient. Senator Coghill replied that the modeling was based on the current data.

Senator Micciche looked at page 3, line 13. He wondered whether an unborn child was included in the benefit. Senator Coghill hoped that it would include the unborn child.

Co-Chair MacKinnon looked at page 6, Section 2, line 18. She wondered why the Department of Public Safety (DPS) and not Department of Administration (DOA) to monitor a fund. Mr. Schilling did not know the reason for that determination. He stated that there was a hope that DOA would work with DPS, because of their expertise.

Senator Coghill stated that under the Public Employees' Retirement System (PERS), DPS had the responsibility of notice, qualification, and administration.

Co-Chair MacKinnon shared that she did not believe the determination was appropriately assigned.

[9:35:41 AM](#)

Mr. Schilling continued to discuss the Sectional Analysis:

Section 3

Uncodified law

The commissioner of public safety may adopt regulations necessary to implement secs. 1 and 2 of this Act. The regulations take effect under the Administrative Procedure Act, but not before the effective date of sections 1 and 2.

Section 4

Effective date

Section 3 takes effect immediately.

Section 5

Effective date

Sections 1 and 2 take effect July 1, 2017.

Co-Chair MacKinnon expressed concern regarding the effective date. She wondered whether the transition and regulations would account for the three families that were currently advocating for change for other families. Mr. Schilling replied that the legislation's intent was to be applied retroactively to provide the benefit for the families outlined in the fiscal note.

Senator Coghill stressed that there was an eligibility issue within the bill.

Co-Chair MacKinnon shared that she knew of another family that suffered a loss due to cancer, so she expressed concern over the limit of the provision.

#hb23

CS FOR HOUSE BILL NO. 23(FIN) am

"An Act creating a fund in the Department of Public Safety; providing for payment of certain medical insurance premiums for surviving dependents of certain peace officers or firefighters who die in the line of duty; relating to contributions from permanent fund dividends to the peace officer and firefighter survivors' fund; and providing for an effective date."

[9:39:02 AM](#)

REPRESENTATIVE ANDY JOSEPHSON, SPONSOR, thanked Senator Coghill and Representative Millett. He explained the bill.

Co-Chair MacKinnon remarked that the senate bill had the loss of the spouse coverage at ten years, but the children would be covered to age 26. Representative Josephson agreed.

[9:46:34 AM](#)

LISA WEISLER, STAFF, REPRESENTATIVE JOSEPHSON, discussed the Sectional Analysis (copy on file):

Section 1.

Sec. 39.60.005. Establishes that the state and municipalities shall pay medical insurance premiums for the surviving dependents of eligible peace officers and firefighters.

Sec. 39.60.010. Peace officer and firefighter survivors' fund established. Establishes a peace officer and firefighter survivors' fund in the Department of Public Safety to pay the medical insurance premiums on behalf of eligible survivors of a peace officer or firefighter. Premium payments are made to the deceased's former employer-sponsored medical insurance provider. The fund consists of donations and other money appropriated to the fund.

The legislature may make appropriations to the fund. The funds do not lapse. Money appropriated to the fund may be spent for the purposes of the fund without further appropriation.

Sec. 39.60.020. Powers and duties of the commissioner. The commissioner of Public Safety annually determines the amount of money needed to pay premiums for eligible survivors and associated administrative costs. The commissioner shall adopt regulations to implement the chapter.

Sec. 39.60.030. Payment authorized. The commissioner may use money in the fund's state account to pay medical insurance premiums for eligible survivors of a state employee, 50 percent of the premium for a

surviving dependent of an employee of a small municipality, and for administrative costs.

Sec. 39.60.040. Eligibility of surviving dependents of peace officers and firefighters for medical insurance premiums. A surviving dependent of a deceased peace officer or firefighter may apply to the Department of Public Safety commissioner for payment of their medical insurance premiums. The survivor is eligible for premium payments if, at the time of death, the deceased was a full-time employee; the survivor was receiving employer-sponsored medical insurance benefits; the proximate cause of death was a bodily injury or hazard incurred while in the performance and within the scope of the employee's duties; and the injury or hazard was not the proximate result of willful negligence by the employee.

A surviving spouse becomes ineligible for payments from the fund when the spouse becomes eligible for major medical insurance coverage by other means or is eligible for Medicare, whichever comes first. Except for a child who is totally and permanently disabled, a dependent child becomes ineligible when they become eligible for major medical insurance coverage by other means or reaches 26 years of age, whichever comes first.

The commissioner shall pay the premium for the level of medical coverage that applied at the time of the employee's death. Payments are made to the applicable employer medical insurance provider.

Municipalities with populations of 10,000 or more shall pay the full premium for eligible dependents of municipal peace officers and firefighters. For small municipalities with populations less than 10,000, the commissioner shall pay 50 percent of the premiums, and the municipality pays the other half.

[9:50:29 AM](#)

Co-Chair MacKinnon wondered whether the major medical was consistent with the senate version, and the house bill did not address only major medical. Ms. Weissler replied that the bill contained only "medical", because it broadened the definition to include the coverage at the time of the

employee's death. She stressed that major medical could be more restrictive.

Co-Chair MacKinnon requested a reason for the same premium costs for the different insurances.

Co-Chair MacKinnon explained that she was looking at the difference in the coverage between the house and senate versions.

Senator Micciche surmised that the bill covered the spouse until that spouse was eligible for medical care. He remarked that that the senate bill did not have that provision, but had the same fiscal note. He wondered whether there was additional cost to covering a spouse. Ms. Weissler replied that it was an unknown.

Co-Chair MacKinnon explained that family coverage may be the same regardless of including the spouse in the policy.

Ms. Weissler continued to discuss the Sectional Analysis:

Sec. 39.60.190. Definitions.

The definitions include a definition of "peace officer" that means a peace officer, chief of police, regional public safety officer, correctional officer, correctional superintendent, or probation officer.

A "firefighter" is defined an employee occupying a position as a firefighter or fire chief.

A "small municipality" means a municipality with a population of less than 10,000.

[9:54:21 AM](#)

Co-Chair MacKinnon wondered whether the definition of "large municipality" and "small municipality" were consistent in statute. Ms. Weissler responded that the definitions were created, and based on conversations with the Alaska Municipal League.

Senator Olson queried the number of smaller municipalities were participating in the 50 percent cost share. Ms. Weissler replied that approximately 37 communities employed police officers, and unknown how many employ firefighters.

Ms. Weissler continued to discuss the Sectional Analysis:

Sections 2 to 5. Amends AS 43.23.062 to add the peace officer and firefighter survivors' fund as an organization included in the Permanent Fund contribution list.

Section 6. Amends AS 44.41.020 to add that the Department of Public Safety shall manage the peace officer and firefighter survivors' fund in cooperation with the Department of Administration. The Department of Public Safety shall establish standardized forms for use in administering the fund.

Section 7. Transition: Regulations. The commissioner of public safety may adopt regulations to implement the Act.

Section 8. Section 7 takes effect immediately.

Section 9. Other than section 8, the Act takes effect July 1, 2017.

Co-Chair MacKinnon noted that the sponsor's intent was not in the bill. Representative Josephson replied the bill seemed to indicate that the application allowed for retroactivity.

Co-Chair MacKinnon queried the parameters of the "look back" provision. Representative Josephson replied that both bills needed to clarify that provision. He remarked that the administration was dealing with the coverage in a "patch work" way.

Co-Chair MacKinnon hoped to outline the two bills by component.

[10:00:24 AM](#)
AT EASE

[10:01:07 AM](#)
RECONVENED

[10:01:16 AM](#)

Co-Chair MacKinnon looked at the fiscal note dated 2/17/2017 for Fund Capitalization with the allocation to the Survivor's Fund. She noted that the language in the last line of the third paragraph stated that "in the last 45 years, 40 peace officers, and 11 firefighters have been killed in Alaska in the line of duty. None of the firefighters would be eligible because they were either federal employees, volunteer firefighters, or with the Anchorage Fire Department." She stressed that the issue was statewide, and local communities could opt into in the future.

Senator Micciche recalled that the sponsor stated that an ineligible might become re-eligible, and wondered where that provision was in the bill. Ms. Weissler replied that SB 48 outlined that the person would become permanently ineligible, and HB 23 did not have that qualifier.

Co-Chair MacKinnon felt that the lack of language inclusion did not specifically allow for that re-eligibility.

Representative Josephson commented that the fallen firefighter would be eligible for coverage, and the municipality might cover their claim under HB 23.

Co-Chair MacKinnon stressed that it yet to be determined. She did not want to set false expectations for families.

#sb48

#hb23

SENATE BILL NO. 48

"An Act creating a fund in the Department of Public Safety; providing for payment of certain medical insurance premiums for surviving dependents of certain police officers or firefighters who die in the line of duty; and providing for an effective date."

CS FOR HOUSE BILL NO. 23(FIN) am

"An Act creating a fund in the Department of Public Safety; providing for payment of certain medical insurance premiums for surviving dependents of certain peace officers or firefighters who die in the line of duty; relating to contributions from permanent fund dividends to the peace officer and firefighter survivors' fund; and providing for an effective date."

[10:06:54 AM](#)

^PUBLIC TESTIMONY

[10:06:50 AM](#)

KATHIE WASSERMAN, ALASKA MUNICIPAL LEAGUE, JUNEAU, spoke in specific support of SB 48, because it gave the ability for municipalities to elect to be a part of the program. She remarked that the municipality has historically "stepped up" after a fatality. She felt that a mandate took on a different direction. She remarked that there were some small municipalities who were not able to pay their worker's compensation bills, so requiring a 50 percent payment may be a problem.

Senator Micciche wondered whether her statements reflected any other municipality besides Juneau and Fairbanks. Ms. Wasserman responded that the comments reflected the Alaska Municipal League's general principle, which was that municipalities could elect to do as they choose according their finances. She stressed that municipalities would not support unfunded mandates.

[10:09:08 AM](#)

BRANDY JOHNSON, SELF, JUNEAU, spoke in support of the bills. She stated that she had a deceased husband who died in the line of duty.

[10:13:45 AM](#)

JAKE METCALFE, EXECUTIVE DIRECTOR, PUBLIC SERVICE EMPLOYEES ASSOCIATION (PSEA), LOCAL 803, spoke in support of the bills.

Co-Chair MacKinnon queried the reason why the benefit was not bargained into contracts. Mr. Metcalfe replied that the public service employees worked for the state and municipalities. The employees were hired to do a dangerous job, and they could be killed protecting Alaska citizens. He stressed that the PSEA did not employ those people, rather only represented them.

Co-Chair MacKinnon wondered whether PSEA negotiated health care benefits. Mr. Metcalfe replied in the affirmative.

Co-Chair MacKinnon concurred with his comments. Mr. Metcalfe stressed that PSEA did not hire the employees.

Co-Chair MacKinnon wondered whether the issue had previously been put forward. Mr. Metcalfe replied that Tier 1 level provided the benefit to families. The remaining tiers did not provide that benefit.

[10:20:37 AM](#)

Co-Chair MacKinnon asked when Tier 2 was enacted. Mr. Metcalfe replied that Tier 1 ended in 1986, so Tier 2 would have occurred at that point. He shared that families were often too overwhelmed by the tragedy to consider the benefits. He remarked that many people may have not known who or how to reach out.

Co-Chair MacKinnon wondered whether there was an issue since 1986 to know whether there was coverage. Mr. Metcalfe could not speak to that timeframe.

Co-Chair MacKinnon wanted to know whether there was a loophole about why the conversation did not occur in that timeframe. She wondered why the union did not address the issue sooner. Mr. Metcalfe responded that PSEA could only negotiate contracts for three years with the state. There would be a renegotiation of the benefit. He stated that a statute would be permanent.

[10:26:19 AM](#)

Senator Micciche wondered whether the survivor benefits were lost between Tiers 2 and 3. Mr. Metcalfe replied that only Tier 1 had the benefit.

Senator Micciche surmised that the number in the fiscal note may be less, because some of those officers may have been Tier 1. Mr. Metcalfe agreed.

[10:27:32 AM](#)

JEFF BRINK, POLICE OFFICER, MEMBER, PSEA LOCAL 803, JUNEAU, spoke in support of the bills.

[10:28:41 AM](#)

DAVID PRUHS, CITY OF FAIRBANKS, FAIRBANKS (via teleconference), spoke in support of the bills.

[10:31:39 AM](#)

REBECCA SHWANKE, SELF, GLENALLEN (via teleconference), spoke in support of the bills.

[10:33:53 AM](#)

AT EASE

[10:34:03 AM](#)

RECONVENED

[10:34:19 AM](#)

TOM WESCOTT, PRESIDENT, ALASKA PROFESSIONAL FIREFIGHTERS, EAGLE RIVER (via teleconference), testified in support of the bills.

[10:35:57 AM](#)

PAUL KENDALL, SELF, ANCHORAGE (via teleconference), spoke against the bills.

Co-Chair MacKinnon CLOSED public testimony.

[10:43:23 AM](#)

Co-Chair MacKinnon stressed that the major medical coverage must be addressed. She remarked that the payment information was an issue.

Senator Micciche wanted to understand the retroactive benefits, and the possible additional costs.

Co-Chair MacKinnon remarked that the issue of an unborn child benefit would be covered.

Senator von Imhof queried the current disability payments related to an injury.

Co-Chair MacKinnon wanted to know the language used in Tier 1.

Senator Dunleavy wondered whether the step-children were included.

Co-Chair MacKinnon replied that step-children were covered in at least of the bills.

Senator Olson commented that the smaller communities did not often have a police officer, so it fell on the state troopers to address an issue.

Co-Chair MacKinnon announced that amendments were due by noon the following Friday.

SB 48 was HEARD and HELD in committee for further consideration.

CSHB 23 (FIN)am was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

10:50:03 AM

The meeting was adjourned at 10:50 a.m.