

"An Act relating to providing major medical insurance to persons receiving benefits from the Teachers' and Public Employees' Retirement System; and providing for an effective date."

COMMITTEE REPORT

1/30/74

HOUSE

Mr. Speaker:

Date Feb 12 1974

The Committee on FINANCE has had HB 363

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____

Members NOT concurring in the Majority report:

<u>[Signature]</u>	recommends:	
<u>[Signature]</u>	recommends:	<u>Do Not Pass</u>
_____	recommends:	
_____	recommends:	
_____	recommends:	

[Signature] Chairman

Introduced: 3/31/75
Referred: Health, Education &
Social Services and Finance

1 IN THE HOUSE

BY BEIRNE, BRADNER AND MALONE

2 HOUSE BILL NO. 363

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to providing major medical insurance
7 to persons receiving benefits from the Teachers' and
8 Public Employees' Retirement System; and providing for
9 an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. AS 14.25.168 is repealed and re-enacted to read:

12 Sec. 14.25.168. MEDICAL BENEFITS. Each person who is entitled to
13 receive a monthly benefit from the retirement system shall be provided
14 with major medical insurance coverage. Coverage shall become effective
15 on the same date as retirement benefits commence and cease when the
16 retired employee or survivor is no longer eligible to receive a monthly
17 benefit. The level of coverage for persons over age 65 shall be the
18 same as that available prior to reaching age 65 except that the benefits
19 payable shall be supplemental to those afforded under the federal Old
20 Age Survivor and Disability Insurance Program, if any.

21 * Sec. 2. AS 39.35 is amended by adding a new section to read:

22 Sec. 39.35.535. MEDICAL BENEFITS. Each person who is entitled to
23 receive a monthly benefit from the retirement system shall be provided
24 with major medical insurance coverage. Coverage shall become effective
25 on the same date as retirement benefits commence and cease when the
26 retired employee or survivor is no longer eligible to receive a monthly
27 benefit. The level of coverage for persons over age 65 shall be the same
28 as that available prior to reaching age 65 except that the benefits
29 payable shall be supplemental to those afforded under the federal Old

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST
 Bill No. HB 363 and Senate Bill #416
 Title: Act providing major medical insurance to retired persons under PERS & TRS
 Requested by: Legislative Finance Date: 5/5/75
 Return Date Requested: As soon as possible
 Agency: Administration - Retirement Program: PERS

II. FISCAL DETAIL

Budget Request Unit(s) Affected: ALL

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	4.0	1.5	1.5	1.5	1.5
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
100 BENEFITS	0	610.0	652.0	691.0	732.5	776.4
TOTAL	0	620.0	653.5	692.5	734.0	777.9

B. FUNDING: (Thousands of dollars)

GENERAL FUND	80%	0	492.8	522.4	553.7	586.9	622.1
FEDERAL FUNDS	17%	0	104.7	110.0	116.6	123.7	131.1
OTHER	3%	0	18.5	19.6	20.7	21.9	23.2
PERS			4.0	1.5	1.5	1.5	1.5

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0
MAN MONTHS (P./T.)	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0

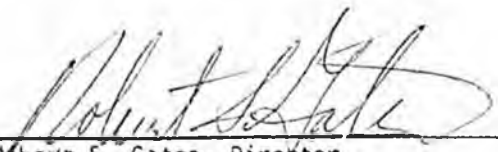
III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

- Increase on employer contribution rate is .44% of covered pay.
- It is assumed that payroll will increase at 6% per annum.
- Estimated covered State payroll for FY 76 is \$140,000,000

IV. ATTACHMENTS

V. DATE: May 5, 1975

PREPARED BY:


 Robert S. Gates, Director
 Division of Retirement & Benefits

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. HB 363 and Senate Bill #416
 Title: An Act providing major medical insurance to retired persons under PERS & TRS
 Requested by: Legislative Finance Date: 5/5/75
 Return Date Requested: As soon as possible
 Agency: Administration - Retirement Program: TRS

II. FISCAL DETAIL

Budget Request Unit(s) Affected: DOE, SOS, U of A And TRS matching

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	4.0	1.5	1.5	1.5	1.5
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
100 BENEFITS	0	450.1	477.0	505.6	535.9	568.1
TOTAL	0	454.1	478.5	507.1	537.4	569.6

B. FUNDING: (Thousands of dollars)

GENERAL FUND	0	450.1	477.0	505.6	535.9	568.1
FEDERAL FUNDS	0	0	0	0	0	0
OTHER TRS	0	4.0	1.5	1.5	1.5	1.5

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0
MAN MONTHS (P./T.)	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

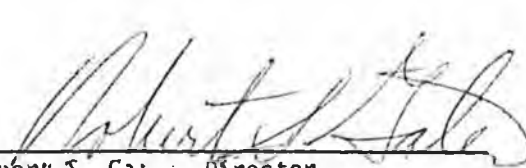
- See page II of Fiscal Note which displays costs for PERS.
- Increase on employer contribution rate is .62% of covered pay.
- It is assumed that payroll will increase @ 6% per annum.
- Data processing costs to implement program are estimated at \$5.0 (\$2.5 charged to TRS and \$2.5 to PERS).
- Annual cost of \$3.0 to cover consulting and telephone expenses (50% to TRS and 50% to PERS).
- Assume 20% increase in retirees per year in each system for next 5 years.
- Assume 10% annual increase in medical insurance costs.

IV. ATTACHMENTS

Page II for Fiscal Note covering PERS costs.
Appendix I

V. DATE: May 5, 1975

PREPARED BY:


Robert S. Gates, Director
Division of Retirement & Benefits

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

APPENDIX I

TRS---

1. Estimated FY 76 Payroll (Total) = \$106,797,000
2. Increase in Employer Contribution Rate = .62%

Breakdown of Payroll and Costs

<u>Employer</u>	<u>Payroll</u>	<u>Rate</u>	<u>Cost to State</u>
State-Operated Schools	\$18,425,980	x .62%	\$114,241
University of Alaska	\$18,156,740	x .62%	\$112,612
Department of Education	\$ 1,809,420	x .62%	\$ 11,218
Local School Districts	\$68,404,980	x .31%	\$212,055
Total Cost to State of Alaska			<u>\$450,126 *</u>

Distribution of Appropriation for TRS

1. State-Operated Schools - - - - \$114,241 to Their Budget
2. University of Alaska - - - - \$ 56,306 to Their Budget
\$ 56,306 to TRS Match
3. Department of Education- - - - \$ 11,218 to Their Budget
4. Local School District- - - - - \$212,055 to TRS Match

*Does not include cost to local school districts which would be \$212,055 for for Fiscal Year 1976.

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

\$ 950,000

I. REQUEST

Bill No. HB 363

Title: An Act providing major medical insurance to retired persons under PERS & TRS

Requested by: Legislative Finance Date: 4/11/75

Return Date Requested: As soon as possible

Agency: Administration - Retirement Program: TRS

II. FISCAL DETAIL

Budget Request Unit(s) Affected: DOE, SOS, U of A And TRS matching

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
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400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
100 BENEFITS	0	450.1	477.0	505.6	535.9	568.1
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III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

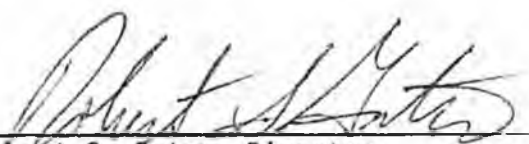
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Page II for Fiscal Note covering PERS costs.
Appendix I

V. DATE: April 17, 1975

PREPARED BY:


Robert S. Gates, Director
Division of Retirement & Benefits

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

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Title: An act providing major medical insurance to retired persons under PERS & TRS

Requested by: Legislative Finance Date: 4/11/75

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