

HB

23

# COMMITTEE REPORT

## HOUSE

FURTHER: FINANCE

1/24/79

Date: \_\_\_\_\_

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB 23

"An Act extending the benefits of group insurance to certain temporary employees of the state and its governmental units; eff. date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for HB 23  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

**MEMBERS SIGNING  
DO PASS**

K. H. Allen

Terry Stuchlik

John Miller

\_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_

**MEMBERS HAVING  
OTHER RECOMMENDATIONS:**

Terry Stuchlik - no rec.

John Miller - do not pass

\_\_\_\_\_

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\_\_\_\_\_

\_\_\_\_\_

K. H. Allen  
CHAIRMAN

# STATE OF ALASKA

JAY S. HAMMOND, Governor

## DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

POUCH CR  
JUNEAU, ALASKA 99811

February 2, 1979

The Honorable Mike Miller  
Representative  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Representative Miller:

In response to your question during testimony on HB 23, I have reviewed the bid proposal received from Blue Cross upon which our current rate of \$117.77 per month per employee group health care premium is based. The dental, audio, vision coverage accounts for \$29.01 per month per employee. By including the 20% projected increase in premium, the fiscal note for HB 23 could be reduced by \$434.8 in FY 80. Proportionate reductions would be achieved in succeeding fiscal years.

Thus, by removing the dental, audio, vision coverage from HB 23, the resulting fiscal impact for FY 80 would be reduced to \$1,351.0.

Sincerely,



Paul B. Arnoldt  
Director

PBA/jb

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 23

Title Group Insurance Extended to Temporary Employees of the State & Political Subdivisions

Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits

Program Category Affected Retirement and Benefits

BRU, Program, or Subprogram(s) Affected Other Benefits (Health/Life Insurance)

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		19.6	20.8	22.0	23.3	24.7
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES		0.3	0.3	0.3	0.3	0.3
500 EQUIPMENT		0.5				
600 LAND & STRUCTURES						
700 TRS STATE MATCH						
100 BENEFITS		1765.4	2118.5	2512.2	3050.6	3660.8
TOTAL		1785.8	2139.6	2564.5	3074.2	3685.8

FUNDING (Thousands of Dollars) NONE

GENERAL FUND	1466.2	1756.2	2104.4	2522.0	3023.1
FEDERAL FUNDS	81.2	97.5	116.9	140.3	168.4
VETERAN'S FUND	3.5	4.2	5.1	6.1	7.3
FISH & GAME FUND	10.6	12.7	15.3	18.3	22.0
HIGHWAY FUND	23.0	27.5	33.0	39.7	47.6
AIRPORT FUND	51.2	61.4	73.7	88.5	106.2
CAPITAL FUND	150.1	180.1	216.1	259.3	311.2
PERS					
TRS					

POSITIONS

FULL TIME	1	1	1	1	1
PART TIME					
TEMPORARY					

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

1. Estimate that an average of 1041 State temporary employees will qualify for benefits based on 1978 average monthly actuals.
2. Assume constant members in temporary work force in each fiscal year.
3. Actual cost to provide group insurance benefits is \$117.77 per month per employee during FY 79.
4. Estimate that the cost to provide group insurance benefits will increase 20% per annum.
5. Administrative costs as attached.
6. Cost for coverage of political subdivisions (approximately 50 subdivisions) participating in group insurance not included; recommend that the Alaska Municipal League, 204 Franklin St., Juneau, AK 586-1325, be contacted for input.

IV. DATE 1/26/78

PREPARED BY Paul B. Arnoldt, Director

AGENCY Division of Retirement & Benefits

PHONE 465-4460

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named) Representative Duncan

Office of the Governor (Keith Specking)

APPENDIX

The following administrative funds would be required to implement the provisions of HB 23.

1. Personal Services - one permanent full-time position Accounting Clerk III (range 10) - salary and merit increases at 6% per year.

FY 80 monthly salary	\$1,254 X 12 = \$15,048
Plus benefits at 30.23%	= <u>\$ 4,549</u>

\$19,597

2. Miscellaneous Expenses - initial cost office equipment and annual commodity and replacement costs.

FY 80	= \$ 800
Succeeding FY's	= \$ 300

These funds should be appropriated to the Division of Finance, Department of Administration, William C. Mullin, Director, 465-2240.

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Sincerely,



Paul B. Arnoldt  
Director

PBA/jb

HB23



# ALASKA PUBLIC EMPLOYEES ASSOCIATION

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State Headquarters: 130 Seward Street, Suite 508, Juneau, Alaska 99801 • Tel: (907) 586-2334

February 2, 1979

Cherie Shelley  
General Counsel  
Alaska Public Employees Association  
130 Seward St., Suite 508  
Juneau, Alaska 99801

Dear Cherie:

Having talked with three independent insurance agents and Blue Cross, it has become apparent that it's virtually impossible to obtain individual audio/visual/dental insurance coverage for a person over 55 years-of-age.

The problem doesn't appear to be the age factor; rather, it's the type of coverage. Generally speaking, audio/visual/dental insurance is offered in a group plan (as opposed to individual coverage) and is tied in with major medical coverage. Furthermore, dental coverage is not readily available, even in a group plan. Should a person locate suitable coverage (and, as one insurance agent said, "chances are virtually zero,"), the policy issuance is contingent upon the acceptability of the potential policy holder's health statement review.

If I can be of further help in this matter, please feel free to call on me.

Sincerely,

Lynn C. Morley  
Benefits Specialist  
Alaska Public Employees Association

LCM/lb

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for House Bill 23  
 Title Hospital, Surgical and Major Medical Insurance Extended to Temporary Employees of the  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_ State \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits  
 Program Category Affected Retirement and Benefits (OTHER BENEFITS)  
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-02-00

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		19.6	20.8	22.0	23.3	24.7
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES		0.3	0.3	0.3	0.3	0.3
500 EQUIPMENT		0.5				
600 LAND & STRUCTURES						
700 TRS STATE MATCH						
100 BENEFITS		670.6	804.7	965.6	1158.7	1390.4
TOTAL		691.0	825.8	987.9	1182.3	1415.4

FUNDING (Thousands of Dollars)

GENERAL FUND		569.8	680.2	813.1	972.5	1163.7
FEDERAL FUNDS		30.8	37.0	44.4	53.3	64.0
VETERAN'S FUND		1.3	1.6	1.9	2.3	2.8
FISH & GAME FUND		4.0	4.8	5.8	7.0	8.3
HIGHWAY FUND		8.7	10.5	12.6	15.1	18.1
AIRPORT FUND		19.4	23.3	28.0	33.6	40.3
CAPITAL FUND		57.0	68.4	82.1	98.5	118.2
PERS						
TRS						

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

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

1. Estimate that an average of 535 State temporary employees will qualify for benefits based on 1978 average monthly actuals.
2. Assume constant membership in temporary workforce in each fiscal year.
3. Actual cost to provide hospital, surgical and major medical insurance benefits is \$87.05 per month per employee during FY 79.
4. Estimate that the cost to provide group insurance will increase 20% per year.
5. Administrative costs as attached.

*Paul B. Arnoldt*

IV. DATE 3/12/79 PREPARED BY Paul B. Arnoldt, Director  
 AGENCY Division of Retirement & Benefits  
 PHONE 465-4460

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 Office of the Governor (Keith Spaulding)

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