

HB

26

|

COMMITTEE REPORT  
SENATE

FURTHER: Finance

3/7/79

Date: 11/11/79

Mr. President:

The Committee on STATE AFFAIRS has had CSHB 26

insurance coverage for persons receiving benefits under the public employees' and teachers' retirement systems

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 \_\_\_\_\_  same title  
 new title
- and recommendations do
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

\_\_\_\_\_

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CHAIRMAN

# Alaska State Legislature

## House of Representatives



MEMBER  
FINANCE COMMITTEE

REPRESENTATIVE JIM DUNCAN  
CHAIRMAN  
BUDGET & AUDIT COMMITTEE

STATE CAPITOL  
POUCH V  
JUNEAU, ALASKA 99811  
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RR 4 BOX 4316  
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### MEMORANDUM

TO: Senator Bob Mulcahy  
Chairman  
Senate State Affairs Committee

FROM:  Representative Jim Duncan

SUBJECT: House Bill No. 26  
Medical Benefits Under  
TRS & PERS

DATE: March 27, 1979

House Bill No. 26 is presently in your committee and I would greatly appreciate a hearing on the bill in the near future.

I realize similar legislation has already passed your committee. However, in discussion with Rep. Cotten, House Rules Chairman, he indicated it is customary to act on the bill which is passed by one House first. The House passed House Bill 26 several weeks ago.

If I can provide further information, please feel free to contact me.

JD:jp

*Bill's Bill 518 24 am*

District 4

HAINES

JUNEAU - DOUGLAS

KLUKWAN

SKAGWAY

CSHB 26

An act relating to insurance coverage for  
persons receiving benefits under the public  
employees' and teachers' retirement systems.

State Aff

SUMMARY

This bill amends the statutes relating to insurance coverage for persons receiving benefits under the public employees' and teachers' retirement systems. Adds a new paragraph which allows them to obtain auditory, visual and dental insurance and pay the cost of it.

THE FOLLOWING PAGES WERE TREATED AS  
A UNIT IN THE ORIGINAL FILE.

Original sponsors: Duncan and Miller

Offered: 2/12/79  
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 26

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to insurance coverage for persons  
7 receiving benefits under the public employees' and  
8 teachers' retirement systems."

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

10 \* Section 1. AS 39.30.090 is amended by adding a new paragraph to read:

11 (15) A person receiving benefits under AS 14.25 or AS 39.35  
12 may obtain auditory, visual, and dental insurance for himself under this  
13 section. The level of coverage for persons over 65 shall be the same as  
14 that available before reaching age 65 except that the benefits payable  
15 shall be supplemental to those afforded under the federal old age,  
16 survivors, and disability insurance program, if any. A person electing  
17 to have insurance under this paragraph shall pay the cost of the in-  
18 surance. The commissioner of administration shall adopt regulations  
19 implementing this paragraph.

20  
21 *Ed P. Arnold*  
22 *These are very old people*  
23 *they are for Bill*  
24  
25  
26  
27  
28  
29

February 16, 1979

Legislative Board of Retirement Benefits analysis and recommendations on:  
House Bill No. 26

The board endorses the attached fiscal note as its fiscal analysis of HB 26.

Three members of the board recommend that HB 26 do pass; three members recommend that it do not pass and one member was absent.

The members who voted do not pass did so on account of the fiscal impact and did support passage of CSHB 26.

SUMMARY OF HOUSE BILL NO. 26

Retirement system affected: TRS and PERS

Allows a person receiving benefits under TRS or PERS to elect to receive auditory, visual, and dental insurance. Requires the individual to pay one-half the cost of the insurance and the retirement system from which he is receiving benefits to pay the other one-half.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. House Bill 26  
 Title Insurance Coverage for Persons Receiving Benefits Under the Public Employees' R/S  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL  
 Agency Affected Administration - Division of Retirement and Benefits  
 Program Category Affected Retirement and Benefits (PERS)  
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-01  
 (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 |       | 9.8     | 10.4    | 11.0    | 11.7    | 12.4    |
| 200 TRAVEL            |       |         |         |         |         |         |
| 300 CONTRACTUAL       |       | 0.3     |         |         |         |         |
| 400 COMMODITIES       |       | 0.2     | 0.2     | 0.2     | 0.2     | 0.2     |
| 500 EQUIPMENT         |       | 0.2     |         |         |         |         |
| 600 LAND & STRUCTURES |       |         |         |         |         |         |
| 700 TRS STATE MATCH   |       |         |         |         |         |         |
| 100 BENEFITS          |       | 1,597.8 | 1,757.6 | 1,933.3 | 2,126.7 | 2,339.3 |
| TOTAL                 |       | 1,608.3 | 1,768.2 | 1,944.5 | 2,138.6 | 2,351.9 |

FUNDING (Thousands of Dollars)

|                  |         |         |         |         |         |
|------------------|---------|---------|---------|---------|---------|
| GENERAL FUND     | 1,308.5 | 1,439.6 | 1,583.4 | 1,741.7 | 1,916.0 |
| FEDERAL FUNDS    | 73.5    | 80.8    | 88.9    | 97.8    | 107.6   |
| VETERAN'S FUND   | 3.2     | 3.5     | 3.9     | 4.3     | 4.7     |
| FISH & GAME FUND | 9.6     | 10.5    | 11.6    | 12.8    | 14.0    |
| HIGHWAY FUND     | 20.8    | 22.8    | 25.1    | 27.6    | 30.4    |
| AIRPORT FUND     | 46.3    | 51.0    | 55.1    | 61.7    | 67.8    |
| CAPITAL FUND     | 135.8   | 149.4   | 164.3   | 180.8   | 198.8   |
| PERS             | 10.5    | 10.6    | 11.2    | 11.9    | 12.6    |
| TRIS             |         |         |         |         |         |

POSITIONS

|           |     |     |     |     |     |
|-----------|-----|-----|-----|-----|-----|
| FULL TIME | 1/2 | 1/2 | 1/2 | 1/2 | 1/2 |
| PART TIME |     |     |     |     |     |
| TEMPORARY |     |     |     |     |     |

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

1. Audio, dental, vision coverage will be extended to present and future retirees.
2. Estimate FY 80 covered state payroll to be \$241,000,000.
3. Estimate future state payrolls will increase at 10% annually.
4. Increase in state employer contribution rate would be .6630% of covered payroll.
5. Administrative costs per attachment (Page 2).

IV. DATE 2/02/79 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) Representative Duncan  
 Office of the Governor (Keith Spocking)

33-001 (Rev. 12/78)

ATTACHMENT HB 26

The following administrative funds would be required to implement the provisions of this bill.

1. Personal Service - 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, annual commodity, replacement costs, and printing/ mailing costs.

|                 |            |
|-----------------|------------|
| FY 80           | = \$ 1,300 |
| Succeeding FY's | = \$ 300   |

Administrative costs will be shared equally between the Public Employees' Retirement System and the Teachers' Retirement System.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 26  
 Title Insurance Coverage for Persons Receiving Benefits Under the Teachers' Retirement System  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits  
 Program Category Affected Retirement and Benefits (TRS)  
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-02  
 (Note: If more than one budget component is affected, separate line-items 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 |       | 9.8     | 10.4    | 11.0    | 11.7    | 12.4    |
| 200 TRAVEL            |       |         |         |         |         |         |
| 300 CONTRACTUAL       |       | 0.2     |         |         |         |         |
| 400 COMMODITIES       |       | 0.1     | 0.1     | 0.1     | 0.1     | 0.1     |
| 500 EQUIPMENT         |       | 0.3     |         |         |         |         |
| 600 LAND & STRUCTURES |       |         |         |         |         |         |
| 700 TRS STATE MATCH   |       | 967.0   | 1,063.7 | 1,170.1 | 1,287.1 | 1,415.8 |
| 100 BENEFITS          |       | 221.8   | 244.0   | 268.4   | 295.2   | 324.7   |
| TOTAL                 |       | 1,199.2 | 1,318.2 | 1,449.6 | 1,594.1 | 1,753.0 |

FUNDING (Thousands of Dollars)

|                  |  |         |         |         |         |         |
|------------------|--|---------|---------|---------|---------|---------|
| GENERAL FUND     |  | 1,188.8 | 1,307.7 | 1,438.5 | 1,582.3 | 1,740.5 |
| FEDERAL FUNDS    |  |         |         |         |         |         |
| VETERAN'S FUND   |  |         |         |         |         |         |
| FISH & GAME FUND |  |         |         |         |         |         |
| HIGHWAY FUND     |  |         |         |         |         |         |
| AIRPORT FUND     |  |         |         |         |         |         |
| CAPITAL FUND     |  |         |         |         |         |         |
| PERS             |  |         |         |         |         |         |
| TRS              |  | 10.4    | 10.5    | 11.1    | 11.8    | 12.5    |

POSITIONS

|           |  |     |     |     |     |     |
|-----------|--|-----|-----|-----|-----|-----|
| FULL TIME |  | 1/2 | 1/2 | 1/2 | 1/2 | 1/2 |
| PART TIME |  |     |     |     |     |     |
| TEMPORARY |  |     |     |     |     |     |

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

1. Audio, dental, vision coverage will be extended to present and future retirees.
2. Estimate FY 80 covered TRS payroll to be \$231,000,000.
3. Estimate future state payrolls will increase at 10% annually.
4. Increase in combined TRS State Match and district contribution rate will be .8372%.
5. Administrative costs per attachment (Page 2).

IV. DATE 2/02/79 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) Representative Duncan  
 Office of the Governor (Keith Specking)

ATTACHMENT

Page 4 of 4  
 Bill/Resolution No. HB 26

ASSUMPTIONS:

- 1. Estimated FY80 Payroll (Total System) = \$213,000,000
- 2. State Contribution Rate to Fund Bill = .4186%
- 3. State TRS Matching Rate to Fund Bill = .4186%
- 4. School District Rate to Fund Bill = .4186%

COST ANALYSIS:

| <u>Employer</u>              | <u>Payroll</u> |   | <u>Rate</u> | <u>Cost</u>      | <u>Appropriation</u> |
|------------------------------|----------------|---|-------------|------------------|----------------------|
| 1. Department of Education   | \$ 6,000,000   | X | .4186%      | \$ 25.1          | To Their Budget      |
| 2. University of Alaska      | \$ 47,000,000  | X | .4186%      | \$ 196.7         | To Their Budget      |
|                              |                |   |             | \$ 221.8         |                      |
| 3. State TRS Matching        | \$231,000,000  | X | .4186%      | \$ 967.0         | To TRS Match         |
| 4. State TRS Regular Budget: |                |   |             |                  |                      |
| Personal Services            |                |   |             | \$ 9.8           | To Personal Services |
| Travel                       |                |   |             | \$ -0-           | To Travel            |
| Contractual                  |                |   |             | \$ 0.2           | To Contractual       |
| Commodities                  |                |   |             | \$ 0.1           | To Commodities       |
| Equipment                    |                |   |             | \$ 0.3           | To Equipment         |
|                              |                |   |             | <u>\$1,199.2</u> |                      |
|                              |                |   |             |                  |                      |
| 5. All School Districts      | \$178,000,000  | X | .4186%      | \$ 745.1         |                      |
|                              |                |   |             | <u>\$1,944.3</u> |                      |

CS HB 26

HB26 reported back from House State Affairs with a majority of the Committee recommending it be replaced with CS HB 26 & it DO PASS.

Reported back 2/19 from Finance with a majority of the Committee recommending adoption of State Affairs substituted and that it DO PASS. No rec: SMITH & ROGERS.

Substitute was adopted & CS HB 26 passed the House 37-0, on 3/6/71.

CS HB 26 passed the House with a "0" yeas/nays.

THE PRECEDING PAGES WERE TREATED AS  
A UNIT IN THE ORIGINAL FILE.

February 16, 1979

Legislative Board of Retirement Benefits analysis and recommendations on:

CS for House Bill No. 26:

The board endorses the attached fiscal note as its fiscal analysis of CS HB 26.

The board unanimously recommends that CS HB 26 do pass; one member was absent.

SUMMARY OF CS FOR HOUSE BILL NO. 26

Retirement systems affected: TRS and PERS

Allows a person receiving benefits under TRS or PERS to elect to receive auditory, visual, and dental insurance. Requires the individual to pay the cost of the insurance.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. CS House Bill 26  
 Title Insurance Coverage for Persons Receiving Benefits Under the PERS and TRS  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL  
 Agency Affected Administration - Division of Retirement and Benefits  
 Program Category Affected Retirement and Benefits  
 BRU, Program, or Sub-program(s) Affected 02-96-8-01-01-01 and 02-96-8-01-01-02  
 (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  | 23.4  | 24.8  |
| 200 TRAVEL            |       |       |       |       |       |       |
| 300 CONTRACTUAL       |       | 0.5   |       |       |       |       |
| 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          |       |       |       |       |       |       |
| <b>TOTAL</b>          |       | 20.9  | 21.1  | 22.3  | 23.7  | 25.1  |

FUND'NG (Thousands of Dollars)

|                  |  |      |      |      |      |      |
|------------------|--|------|------|------|------|------|
| GENERAL FUND     |  |      |      |      |      |      |
| FEDERAL FUNDS    |  |      |      |      |      |      |
| VETERAN'S FUND   |  |      |      |      |      |      |
| FISH & GAME FUND |  |      |      |      |      |      |
| HIGHWAY FUND     |  |      |      |      |      |      |
| AIRPORT FUND     |  |      |      |      |      |      |
| CAPITAL FUND     |  |      |      |      |      |      |
| PERS             |  | 10.5 | 10.6 | 11.2 | 11.9 | 12.6 |
| TRS              |  | 10.4 | 10.5 | 11.1 | 11.8 | 12.5 |

POSITIONS

|                  |  |   |   |   |   |   |
|------------------|--|---|---|---|---|---|
| <u>FULL TIME</u> |  | 1 | 1 | 1 | 1 | 1 |
| <u>PART TIME</u> |  |   |   |   |   |   |
| <u>TEMPORARY</u> |  |   |   |   |   |   |

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

- Audio, dental, vision coverage will be extended to present and future retirees.
- The following administrative funds would be required to implement the provisions of this bill:

A. Personal Service - 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% = 4,549  
**\$19,597**

B. Miscellaneous Expenses - initial cost office equipment, annual commodities, replacement costs, and printing/mailling costs.  
 FY 80 = \$1,300  
 Succeeding FY's = 300

IV. DATE 2/15/79 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 Specking)  
 33-001 (Rev. 12/78)