

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

HB 535

Revision Date: _____

REQUEST

FISCAL DETAIL

Bill/Resolution No.: HB 535 Agency Affected: All State Agencies
 Title: An Act relating to purchase of group life insurance by retirees. Program Category Affected: Health Insurance
 Sponsor: Shultz BRU, Program or Subprogram(s) Affected: _____
 Requestor: _____
 Date of Request: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

Operating	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
100 Personal Svcs						
100 Rtmnt & Bnfts						
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 TRS Match						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

General Fund						
Federal Funds						
Other						
Total	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

Full-Time						
Part-Time						
Temporary						

SOURCE OF FUNDS TO OFFSET IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: J.K. Humphreys Phone: 465-4460
 Division: Retirement & Benefits Date: 2-3-84

Approved by Commissioner: Lisa Rudd Date: 2/8/84
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

(Page 2 of 2)

House Bill 535
Fiscal Note Analysis
Prepared by the Division of Retirement & Benefits
Department of Administration

February 3, 1984

IV Analysis: This bill would allow retirees age 65 and older to continue to purchase optional group life insurance. Currently, retirees are ineligible to purchase this insurance after age 65.

There is no cost to the State. Premiums for this insurance would be paid by the retiree.

Offered: 3/7/84
Referred: Finance

Original sponsor: Shultz

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR HOUSE BILL NO. 535 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the purchase of group life insur-
7 ance by former state employees and others."

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

9 * Section 1. AS 39.30.090 is amended to read:

10 Sec. 39.30.090. PROCUREMENT OF GROUP INSURANCE. The Department
11 of Administration may obtain a policy or policies of group insurance
12 covering state employees, persons entitled to coverage under AS 14.-
13 25.168, AS 22.25.090, AS 39.35.535 or former AS 39.37.145, or employ-
14 ees of other participating governmental units, subject to the follow-
15 ing conditions:

16 (1) A group insurance policy shall provide one or more of
17 the following benefits: life insurance, accidental death and dismem-
18 berment insurance, weekly indemnity insurance, hospital expense insur-
19 ance, surgical expense insurance, dental expense insurance, audio-
20 visual insurance, or other medical care insurance.

21 (2) Each eligible employee of the state, the spouse and the
22 unmarried children chiefly dependent on the eligible employee for
23 support, and each eligible employee of another participating govern-
24 mental unit shall be covered by the group policy, unless exempt under
25 regulations adopted by the commissioner of administration.

26 (3) A governmental unit may participate under a group
27 policy if

28 (A) its governing body adopts a resolution authorizing
29 participation, and payment of required premiums;

1 (B) a certified copy of the resolution is filed with
2 the Department of Administration; and

3 (C) the commissioner of administration approves the
4 participation in writing.

5 [(4) Repealed

6 (5) Repealed]

7 (4) [(6)] The Department of Administration shall obtain the
8 insurance policy from any insurer authorized to transact business in
9 the state under AS 21.09 and AS 21.90.

10 (5) [(7)] The Department of Administration shall make
11 available bid specifications for desired insurance benefits to all
12 insurance carriers licensed in the state and qualified to provide the
13 desired benefits. The specifications shall be made available on or
14 before July 1, 1965, and at least once every succeeding five years.
15 The lowest responsible bid submitted by an insurance carrier with
16 adequate servicing facilities shall govern selection of a carrier
17 under this section.

18 (6) [(8)] If the aggregate of dividends payable under the
19 group insurance policy exceeds the governmental unit's share of the
20 premium, the excess shall be applied by the governmental unit for the
21 sole benefit of the employees.

22 (7) [(9)] A person receiving benefits under AS 14.25.110,
23 AS 22.25, AS 39.35, or former AS 39.37 [WHO IS NOT 65 YEARS OF AGE]
24 may continue the life insurance coverage that was in effect under this
25 section at the time of termination of employment with the state or
26 participating governmental unit.

27 [(10) Repealed

28 (11) Repealed]

29 (8) [(12)] A person electing to have insurance under (7)

1 [[9]] of this section shall pay the cost of this insurance.

2 [[13] Repealed]

3 (9) [[14]] For each permanent part-time employee electing
4 coverage under this section, the state shall contribute one-half the
5 state contribution rate for permanent full-time state employees, and
6 the permanent part-time employee shall contribute the other one-half.

7 (10) [[15]] A person receiving benefits under AS 14.25,
8 AS 22.25, AS 39.35, or former AS 39.37 may obtain auditory, visual,
9 and dental insurance for that person and eligible dependents under
10 this section. The level of coverage for persons over 65 shall be the
11 same as that available before reaching age 65 except that the benefits
12 payable shall be supplemental to any benefits provided under the
13 federal old age, survivors, and disability insurance program. A
14 person electing to have insurance under this paragraph shall pay the
15 cost of the insurance. The commissioner of administration shall adopt
16 regulations implementing this paragraph.

17 * Sec. 2. LIMITED ENROLLMENT PERIOD. A person who, before the
18 effective date of this Act, was ineligible to continue life insurance
19 coverage under AS 39.30.090 because the person was 65 years of age or
20 older, or whose coverage under AS 39.30.090 was terminated because the
21 person reached age 65 before the effective date of this Act, is entitled to
22 enroll for coverage under AS 39.30.090 if the person applies for enrollment
23 within one year after the effective date of this Act.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____
(Page 1 of 2)

<p>REQUEST Bill/Resolution No.: <u>CSHB 535 (SA)</u> Title: <u>"An Act relating to</u> <u>purchase of group life insurance</u> Sponsor: _____ Requestor: _____ Date of Request: _____</p>	<p>FISCAL DETAIL Agency Affected: <u>All State Agencies</u> Program Category Affected: <u>Health Insurance</u> by retirees. BRU, Program or Subprogram(s) Affected: _____</p>
--	--

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Temporary						

SOURCE OF FUNDS TO OFFSET IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: J.K. Humphreys *J.K. Humphreys* Phone: 465-4460
 Division: Retirement & Benefits Date: 3-12-84

Approved by Commissioner: Lisa Rudd *Lisa Rudd* Date: 3-15-84
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

(Page 2 of 2)

CSHB 535
Fiscal Note Analysis
Prepared by the Division of Retirement & Benefits
Department of Administration

March 12, 1984

IV Analysis: This bill would allow retirees age 65 and older to continue to purchase optional group life insurance. Currently, retirees are ineligible to purchase this insurance after age 65.

In addition, it provides that those persons who were previously ineligible to enroll in optional life coverage because they were over 65 years of age at retirement or whose coverage was terminated when they reached age 65 would be allowed to enroll within one year after the effective date of this Act.

There is no cost to the State. Premiums for this insurance would be paid by the retiree.

BACKGROUND

HB 535

House Bill 535 is a single purpose piece of legislation designed to allowed retired state employees to continue their group life insurance after age 65. They would be required to pay the premiums on this coverage.

HB 535 arose from complaints from a constituent in House District 17 who is a retired state employee. At the time of her retirement, the group life insurance policy with the state was her only life coverage. By the time she was informed that she was no longer covered, her age made it impossible to purchase life insurance on the open market at a reasonable rate.

Cost of funerals in small, interior communities is very high. This is primarily due to the fact that graves cannot be dug in the winter, and bodies must therefore either be cremated or held in cold storage until after break-up.

ANALYSIS

HB 535

"An Act relating to the purchase of group life insurance by former state employees and others."

Page 1, Lines 10-15

Provides that the state may obtain group insurance for state employees: the reference to AS 14.25.168 concerns educational employees; the reference to AS 22.25.090 concerns judicial employees; the reference to AS 39.35.535 concerns peace officers and firefighters; and the reference to AS 39.37.145 concerns elected public officers. Under this section, this legislation would apply to each of these classifications.

Page 1, Lines 16-20

Lists the types of coverage available (same as current law).

Page 1, Lines 21-25

Lists who is eligible for coverage (includes dependents) and (same as current law).

Page 1, Lines 26-29 and Page 2, Lines 1-4

Provides that governmental units, such as local school districts, the University of Alaska and local governments may participate in the state program (same as current law).

Page 2, Lines 5-6

Removes sections previously repealed (to clean up the statutes).

Page 2, Line 7-9

Provides that the state must do business with an insurer licensed to conduct business in the State (same as current law).

Page 2, Line 10-17

Provides that the state must bid its' insurance coverage (same as current law).

Page 2, Line 18-21

Provides that governmental units must pay any costs in excess of those paid by the state for its' own employees (same as current law).

Page 2, Lines 22-26

AMENDS current law to remove the exclusion of persons over the age of 65 for participation in the program.

Page 2, Lines 27-28

Removes sections previously repealed (to clean up the statutes).

Page 2, Line 29 and Page 3, Line 1

AMENDS current law to provide that persons over the age of 65 who elect to continue coverage must pay the premiums for such coverage.

Page 3, Line 2

Remove section previously repealed (to clean up the statutes).

Page 3, Lines 3-6

Provides that part-time employees of the state shall pay one-half of the cost of any insurance they elect to receive (same as current law).

Page 3, Lines 7-16

Provides for auditory, visual and dental insurance (same as current law).

Position Paper

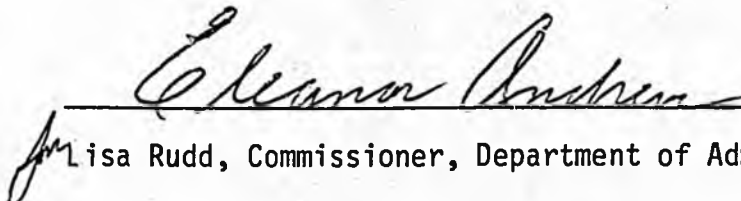
HB 535

The Department of Administration supports this bill. It offers retirees the choice of continuing to purchase optional group life insurance coverage beyond the current limit of age 65. This flexibility can be achieved with no cost to the state. Favorable premium rates would benefit the retiree.



J.K. Humphreys, Director, Division of Retirement & Benefits

2-3-84
Date



for Lisa Rudd, Commissioner, Department of Administration

2/8/84
Date

HB 535



Alaska Public Employees Association **APEA**
State Headquarters: 340 N. Franklin, Juneau, AK 99801 (907) 586-2334

MEMORANDUM

COPY FOR YOUR INFORMATION

TO: Representative John Cowdery, Chairman
House Labor and Commerce Committee

FROM: Cherie Shelle *CS*
Executive Director

SUBJECT: HB 535

DATE: February 7, 1984

The Alaska Public Employees Association fully supports the provisions of HB 535 allowing all former public employees to continue to purchase group life insurance regardless of age.

This legislation will remove discriminatory language from state statute and make insurance coverage available at a time when people need it the most.

Cost to the state will be minimal since the premium will be paid by the former employees.

CS/rb



THE
UNIVERSITY
OF ALASKA,
JUNEAU

11120 GLACIER HIGHWAY
JUNEAU, ALASKA 99801
907-789-2101

February 23, 1984

The Honorable Richard Schultz
House of Representatives
State of Alaska
Pouch V
Juneau, AK 99811

Dear Representative Schultz:

After talking with you on the phone the other day, I asked the University of Alaska Risk Manager to review HB 535 as it relates to University employees. After reviewing the proposed legislation he stated that this is a desirable bill because of the limited insurance opportunities available to retired employees. Therefore, the University of Alaska is happy to support HB 535.

Thank you for introducing this important legislation.

Sincerely yours,

A handwritten signature in cursive script that reads "W. Russell Jones".

W. Russell Jones
Special Assistant
for Legislative Affairs

mlf

cc: ✓ Honorable Mitch Abood, Chairman
House State Affairs Committee
Honorable John Cowdery, Chairman
House Labor and Commerce Committee
Honorable Albert P. Adams, Chairman
House Finance Committee

Offered: 3/7/84
Referred: Finance

Original sponsor: Shultz

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR HOUSE BILL NO. 535 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION
5 A BILL

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22 unmarried children chiefly dependent on the eligible employee for
23 support, and each eligible employee of another participating govern-
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25 regulations adopted by the commissioner of administration.

26 (3) A governmental unit may participate under a group
27 policy if

28 (A) its governing body adopts a resolution authorizing
29 participation, and payment of required premiums;

1 (B) a certified copy of the resolution is filed with
2 the Department of Administration; and

3 (C) the commissioner of administration approves the
4 participation in writing.

5 [(4) Repealed

6 (5) Repealed]

7 (4) [(6)] The Department of Administration shall obtain the
8 insurance policy from any insurer authorized to transact business in
9 the state under AS 21.09 and AS 21.90.

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11 available bid specifications for desired insurance benefits to all
12 insurance carriers licensed in the state and qualified to provide the
13 desired benefits. The specifications shall be made available on or
14 before July 1, 1965, and at least once every succeeding five years.
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16 adequate servicing facilities shall govern selection of a carrier
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23 within one year after the effective date of this Act.

Introduced: 1/23/84
Referred: Labor & Commerce,
State Affairs and Finance

1 IN THE HOUSE

BY SHULTZ

2

HOUSE BILL NO. 535

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the purchase of group life insurance by former state employees and others."

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

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STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Handwritten initials

Page 1 of 2

Revision Date: _____

(Page 1 of 2)

REQUEST

FISCAL DETAIL

Bill/Resolution No.: CSHB 535 (SA) Agency Affected: All State Agencies
 Title: "An Act relating to Program Category Affected: Health Insurance
purchase of group life insurance by retirees.
 Sponsor: _____ BRU, Program or Subprogram(s) Affected: _____
 Requestor: _____
 Date of Request: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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SOURCE OF FUNDS TO OFFSET IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: J.K. Humphreys *J.K. Humphreys* Phone: 465-4460
 Division: Retirement & Benefits Date: 3-12-84

Approved by Commissioner: Lisa Rudd *Lisa Rudd* Date: 3-15-84
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

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CSHB 535 (SA)
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Prepared by the Division of Retirement & Benefits
Department of Administration

March 12, 1984

IV Analysis: This bill would allow retirees age 65 and older to continue to purchase optional group life insurance. Currently, retirees are ineligible to purchase this insurance after age 65.

In addition, it provides that those persons who were previously ineligible to enroll in optional life coverage because they were over 65 years of age at retirement or whose coverage was terminated when they reached age 65 would be allowed to enroll within one year after the effective date of this Act.

There is no cost to the State. Premiums for this insurance would be paid by the retiree.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

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REQUEST Bill/Resolution No.: HB 535 FISCAL DETAIL Agency Affected: All State Agencies
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Prepared By: J.K. Humphreys Phone: 465-4460
 Division: Retirement & Benefits Date: 2-3-84

Approved by Commissioner: Lisa Rudd Date: 2/5/84
 Agency: Department of Administration

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House Bill 535
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Prepared by the Division of Retirement & Benefits
Department of Administration

February 3, 1984

IV Analysis: This bill would allow retirees age 65 and older to continue to purchase optional group life insurance. Currently, retirees are ineligible to purchase this insurance after age 65.

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Position Paper

HR 535

The Department of Administration supports this bill. It offers retirees the choice of continuing to purchase optional group life insurance coverage beyond the current limit of age 65. This flexibility can be achieved with no cost to the state. Favorable premium rates would benefit the retiree.

J. K. Humphreys
J.K. Humphreys, Director, Division of Retirement & Benefits

2-3-84
Date

Lisa Rudd
Lisa Rudd, Commissioner, Department of Administration

2/2/84
Date



STATE OF ALASKA
OFFICE OF THE GOVERNOR

BILL ANALYSIS

Department Administration	Sponsor (Principal) Shultz	Bill Number HB 535
Department Position The department supports this bill.		
Division Director J.K. Humphreys	Date 2-3-84	Commissioner's Signature Lisa Rudd
		Date 2/21/84

GOVERNOR'S OFFICE USE

Comments:

<input type="checkbox"/> Position Noted	By	Date
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SUMMARY

1. a) Related Bills (Similar or Conflicting) none	1. b) Other Agencies Affected by Bill
2. a) Organizational Support for Bill Unknown	2. b) Organizational Opposition to Bill Unknown

3. Program Effects of Bill

This bill would allow retirees to continue to purchase optional life insurance coverage beyond the current age limit of 65.

4. Fiscal Impact: None Fiscal Note Attached

5. Amendments Proposed:

6. Comments:

If this bill becomes law retirees who became ineligible in the past because of age and those who retired after reaching age 65 and were never eligible, would be given the opportunity to re-enroll in this coverage without evidence of insurability.

HB 535

BACKGROUND

HB 535

House Bill 535 is a single purpose piece of legislation designed to allowed retired state employees to continue their group life insurance after age 65. They would be required to pay the premiums on this coverage.

HB 535 arose from complaints from a constituent in House District 17 who is a retired state employee. At the time of her retirement, the group life insurance policy with the state was her only life coverage. By the time she was informed that she was no longer covered, her age made it impossible to purchase life insurance on the open market at a reasonable rate.

Cost of funerals in small, interior communities is very high. This is primarily due to the fact that graves cannot be dug in the winter, and bodies must therefore either be cremated or held in cold storage until after break-up.

HB 535



Alaska Public Employees Association **APEA**
State Headquarters: 340 N. Franklin, Juneau, AK 99801 (907) 586-2334

MEMORANDUM

COPY FOR YOUR INFORMATION

TO: Representative John Cowdery, Chairman
House Labor and Commerce Committee

FROM: Cherie Shelley *CS*
Executive Director

SUBJECT: HB 535

DATE: February 7, 1984

The Alaska Public Employees Association fully supports the provisions of HB 535 allowing all former public employees to continue to purchase group life insurance regardless of age.

This legislation will remove discriminatory language from state statute and make insurance coverage available at a time when people need it the most.

Cost to the state will be minimal since the premium will be paid by the former employees.

CS/rb



THE
UNIVERSITY
OF ALASKA,
JUNEAU

11120 GLACIER HIGHWAY
JUNEAU, ALASKA 99801
907-789-2101

February 23, 1984

The Honorable Richard Schultz
House of Representatives
State of Alaska
Pouch V
Juneau, AK 99811

Dear Representative Schultz:

After talking with you on the phone the other day, I asked the University of Alaska Risk Manager to review HB 535 as it relates to University employees. After reviewing the proposed legislation he stated that this is a desirable bill because of the limited insurance opportunities available to retired employees. Therefore, the University of Alaska is happy to support HB 535.

Thank you for introducing this important legislation.

Sincerely yours,

A handwritten signature in cursive script that reads 'W. Russell Jones'.

W. Russell Jones
Special Assistant
for Legislative Affairs

mlf

cc: ✓ Honorable Mitch Abood, Chairman
House State Affairs Committee
Honorable John Cowdery, Chairman
House Labor and Commerce Committee
Honorable Albert P. Adams, Chairman
House Finance Committee