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HB 535  
2/14/84

Bill - Re: HB 535

Per our discussion... a temporary section such as the enclosed could be added to HB 535 to eliminate any question as to the treatment of retirees other than those currently carrying the optional life coverage.

Please call if I can be of any further assistance -

Mike Caughlin  
Retirement & Benefits  
4460

Retirees who were previously unable 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 shall be given an opportunity to enroll on a one time basis.

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 5, 1984

SUBJECT: State group life insurance  
(HB 535)

TO: Representative Mitch Abood  
Chairman, House State Affairs Committee

FROM: Edward H. Hein *EH*  
Legislative Counsel

In response to requests from your aides, Carol Horos and Roger Poppy, I have reviewed language submitted by Ken Humphreys of the division of retirement and benefits for addition to HB 535. The apparent purpose of the suggested amendment is to allow persons who previously were prohibited from continuing coverage of state group life insurance when they turned 65 to get back in the program.

I suggest that if the committee wishes to add this concept to the bill that the following language, or language substantially similar, be added at page 3, after line 16 of the bill:

(11) A person who, prior to the effective date of this Act, was ineligible to continue life insurance coverage under this section because the person was 65 years of age or older, or whose coverage under this section was terminated because the person reached age 65 before the effective date of this Act, is entitled to enroll for coverage under this section if the person applies for enrollment within one year after the effective date of this Act.

The committee may also wish to address the question of whether a person must elect to continue coverage at the time of terminating employment or whether the person is allowed to have a gap in coverage after leaving state employment and still get back in later. This issue may affect former employees who voluntarily discontinued coverage before reaching age 65.

EHH:ojb  
J4/037

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).



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,

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

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

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

**REQUEST**

Bill/Resolution No.: HB 535  
 Title: An Act relating to purchase of group life insurance by retirees.  
 Sponsor: Shultz  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected: All State Agencies  
 Program Category Affected: Health Insurance  
 BRU, Program or Subprogram(s) Affected: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

Operating	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
100 Personal Svcs						
100 Ptmnt. & Bnfts						
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment						
600 Land & Struct.						
700 Grants, Claims						
700 TRS Match						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

General Fund						
Federal Funds						
Other						
<b>Total</b>	-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: 2/5/84  
 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.

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

2-3-84  
Date

Lisa Rudd  
Lisa Rudd, Commissioner, Department of Administration

2/8/84  
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 <i>J.K. Humphreys</i>	Date 2-3-84	Commissioner's Signature Lisa Rudd <i>Lisa Rudd</i>
		Date 2/8/84

GOVERNOR'S OFFICE USE

Comments:

Position Noted

By

Date

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.



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

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.

INTRODUCTION OF BILLS (House)

Traffic  
Signals  
(disobeying)

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 500, (see page 46).  
Would make disobeying a traffic sign or signal an infraction under the Motor Vehicle Code, punishable by a fine of not less than \$50 (original bill would have made it punishable by a fine of note more than \$50). Does not provide for an effective date (becomes law 90 days after Governor signs bill).

Introduced January 24 and referred to State Affairs, Judiciary.

Kindergarten  
Program  
(mandatory)

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 522, by Rep. Duncan.  
Adds one new section to the original bill, amending section of the law relating to public schools by addition of language stating that there is no minimal day in session requirement for a kindergarten program. Remaining sections are identical to original bill (see page 87).

Introduced January 27 and referred to Health, Education & Social Services, Finance.

Life  
Insurance  
(former/re-  
tired state  
employees)

HOUSE BILL NO. 535, by Rep. Shultz. Would allow former or retired state employees to continue the group life insurance coverage that was in effect at the time the person terminated employment with the state, providing the person pays the cost of the insurance (currently the life insurance benefits end when the employee quits or retires). Does not provide for an effective date (becomes law 90 days after Governor signs bill).

Introduced January 23 and referred to Labor & Commerce, State Affairs, and Finance.

Appropriations  
(bond debt  
service/  
lapsed  
loan funds)

HOUSE BILL NO. 536, by the Rules Committee by Request of the Governor. Adds a new section to the Alaska Housing Finance Corporation (AHFC) guaranteeing that the amounts required annually to pay the principal and interest on all issued and outstanding state-guaranteed bonds issued by AHFC will be appropriated each fiscal year from the general fund to make all payments by the state required under its guarantee for principal and interest.

Amends the State Bonding Act (AS 37.15) by requiring the state to pay the principal, interest and redemption premium on all general obligation bonds each fiscal year (currently the state must pay by July 1 of each year). Adds a new section guaranteeing that the amounts required annually to pay the principal, interest, and redemption premium on all issued and outstanding international airports revenue bonds are appropriated each fiscal year.

Appropriates \$200,000 from the cash balance of the Tourism Revolving Fund and \$200,000 from the cash balance of the Small Business Revolving Loan Fund for the necessary expenses incurred in collecting loans made by that fund. See accompanying letter from the Governor.