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SENATE FINANCE COMMITTEE REPORT

DATE: 2/27/90

FURTHER:

DATE TURNED INTO OFFICE: 4/6/90

The Finance Committee considered

SB 370

Public Employees Retirement Board and the Teachers' Retirement Board to include two physician members to hear disability appeals; dissolving the Public Employees' and Teachers' Disability Review Board; efd.

and recommended:

- replace with _____ CS _____
 or adopt _____ CS _____
 attached amendment(s)
 _____ letter of intent adopted

- same title
 new title
 technical title change (HB only)

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):

fiscal note(s) DOA 3/1/90
(8.0) Other

zero fiscal note(s) _____

appropriation-no fiscal note

APPROVES PREVIOUS:

fiscal note(s) _____ Dept/Date: _____

zero fiscal note(s) _____

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

1. No Rec

2. (No Rec)

Co-Chairs: Signatures and Recommendations

FISCAL NOTE

REQUEST:

Revision Date: 2/28/90 Agency Affected: Administration
 Title: * (see below) BRU: Retirement and Benefits
 Sponsor: Rules Committee Components: Retirement and Benefits
 Requestor: Governor

* An Act expanding the Public Employees Retirement Board (PERB) and Teachers' Retirement Board (TRB) to include two physician members to hear disability appeals; dissolving the PERS and TRS Disability Review Board, . . .

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
CONTRACTUAL	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	(8.0)	(8.0)	(8.0)	(8.0)	(8.0)	(8.0)
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	(8.0)	(8.0)	(8.0)	(8.0)	(8.0)	(8.0)
TOTAL	(8.0)	(8.0)	(8.0)	(8.0)	(8.0)	(8.0)

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

There is no fiscal impact in FY 90.

Consolidation of the Disability Review Board with the retirement boards will reduce travel costs for members and staff and attorney fees by eliminating two to four meetings per year.

Prepared by: Sally Smith, Director *Sally Smith* Phone: 465-4470
 Division: Retirement and Benefits Date: 2/27/90
 Approved by Commissioner: Frank S. Baxter *Frank S. Baxter* Date: 2/1/90
 Agency: Department of Administration

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

BY THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

1 IN THE SENATE

2

SENATE BILL NO. 370

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act expanding the Public Employees Retirement
7 Board and the Teachers' Retirement Board to include
8 two physician members to hear disability appeals;
9 dissolving the Public Employees' and Teachers'
10 Disability Review Board; and providing for an effective
11 date."

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

13 * Section 1. AS 14.25.035(a) is repealed and reenacted to read:

14 (a) There is established the Alaska Teachers' Retirement Board
15 as follows:

16 (1) The governor shall appoint five members for overlapping
17 three-year terms. One member must be a resident who is receiving
18 retirement benefits under this chapter. Statewide teacher organiza-
19 tions may submit to the governor a list of recommended nominees to
20 serve on the board.

21 (2) The governor shall appoint physicians authorized to
22 practice medicine in the state to serve as members of the board only
23 for the purpose of hearing appeals to determine medical eligibility
24 for disability benefits under AS 14.25.130. The governor shall ap-
25 point two physicians each from at least two of the state's four judi-
26 cial districts. The Public Employees Retirement Board and the
27 Teachers' Retirement Board may submit to the governor a list of
28 recommended physicians to serve on the board. The two physician
29 members from the judicial district in which a disability appeal

1 hearing is conducted shall serve on the board during the hearing. If
2 one or more of the physicians in the judicial district in which a
3 disability hearing is conducted is unable to serve at the hearing, or
4 if there is no physician member from that judicial district, other
5 physician members shall serve at the hearing, selected for such
6 hearings on a rotating basis, in accordance with regulations adopted
7 by the board. Physician members serve at the pleasure of the
8 governor.

9 * Sec. 2. AS 14.25.035(b) is repealed and reenacted to read:

10 (b) Members of the board appointed under (a)(1) of this section
11 do not receive compensation for their services on the board. Physi-
12 cian members of the board are entitled to hourly compensation for
13 their services at a rate to be determined by the commissioner of
14 administration. The rate of compensation shall be consistent with the
15 physicians' normal hourly earnings. All members of the board are
16 entitled to travel expenses and per diem when it is necessary to
17 travel.

18 * Sec. 3. AS 39.35.030 is repealed and reenacted to read:

19 Sec. 39.35.030. PUBLIC EMPLOYEES RETIREMENT BOARD. (a) There
20 is established a Public Employees Retirement Board as provided in this
21 section.

22 (b) Three members of the board are the members of the personnel
23 board of the Department of Administration (AS 39.25.060).

24 (c) Two members of the board must be members of the system
25 elected by a majority of the votes cast by members of the system.
26 Elections shall be conducted by the board. The term of office of an
27 elected member is six years. A vacancy in an unexpired elective term
28 shall be filled by election for a new six-year term.

29 (d) The governor shall appoint physicians authorized to practice

1 medicine in the state to serve as members of the board only for the
2 purpose of hearing appeals to determine medical eligibility for
3 disability benefits under AS 39.35.400 and 39.35.410. The governor
4 shall appoint two physicians each from at least two of the state's
5 four judicial districts. The Public Employees Retirement Board and
6 the Teachers' Retirement Board may submit to the governor a list of
7 recommended physicians to serve on the board. The two physician
8 members from the judicial district in which a disability appeal
9 hearing is conducted shall serve on the board during the hearing. If
10 one or more of the physicians in the judicial district in which a
11 disability hearing is conducted is unable to serve at the hearing, or
12 if there is no physician member from that judicial district, other
13 physician members shall serve at the hearing, selected for such
14 hearings on a rotating basis, in accordance with regulations adopted
15 by the board. Physician members serve at the pleasure of the
16 governor.

17 (e) Members of the board identified in (b) of this section or
18 elected under (c) of this section do not receive compensation for
19 their services on the board. Physician members of the board are
20 entitled to hourly compensation for their services at a rate to be
21 determined by the commissioner of administration. The rate of compen-
22 sation shall be consistent with the physicians' normal hourly
23 earnings. All members of the board are entitled to travel expenses
24 and per diem when it is necessary to travel.

25 * Sec. 4. AS 39.36.010, 39.36.020, and 39.36.500 are repealed.

26 * Sec. 5. TRANSITION. Notwithstanding secs. 1 and 3 of this Act,
27 physicians appointed to serve on the former Public Employees' and Teachers'
28 Disability Review Board (repealed by sec. 4 of this Act) are appointed to
29 serve as physician members of the Alaska Teachers' Retirement Board and the

1 Public Employees Retirement Board until physician members are appointed by
2 the governor under AS 14.25.035(a)(2), as reenacted by sec. 1 of this Act,
3 and under AS 39.35.030(d) as reenacted by sec. 3 of this Act. A physician
4 member of the former Public Employees' and Teachers' Disability Review
5 Board may be appointed by the governor to serve as a physician member of
6 the Alaska Teachers' Retirement Board and the Public Employees Retirement
7 Board.

8 * Sec. 6. This Act takes effect July 1, 1990.



NEA-ALASKA

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3/8/90

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March 8, 1990

TO: John Binkley and Rick Uehling, Co-Chairs, and members of the Senate Finance Committee

FROM: Don Oberg, NEA-Alaska

RE: Senate Bill 370, Expansion of the PERA Board and TRS Board to include two physician members to hear disability appeals.

"Expanding the Public Employees Retirement Board and Teachers' Retirement Board to include two physician members..." has much merit in that a level of "red tape" prior to very important determinations being made regarding medical eligibility for disability benefits under AS 14.25.130 is removed.

We have some questions, however, as to the following:

- 1) Will the new process adversely effect the appeal rights of claimants?
- 2) Is it good policy to provide two physicians full voting rights on the respective Boards on such decisions?
- 3) Is it good policy to allow the same physician to serve on both Boards as stated in Section 5 - Transition?
- 4) What is the negative impact on members of TRS/PERS?

Until we have more information, NEA-Alaska has no position on Senate Bill 370.

LE03/SB 370/dl

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FAX # 264-6745
Term Expires: 6/20/90

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456-7254 - home
Term Expires: 6/20/94

Marlene A. Johnson
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945-3372 - Home
586-1512 - Sealaska
789-3898 - Son
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833-2313 - work
Term Expires: 6/30/90

REVISION DATE: 3/20/89

DISABILITY REVIEW BOARD

MEMBER	APPT	REAPPT	REAPPT	TERM	
Keith Anderson Dept. of Ed., P.O. Box F Juneau 99811 Ex-Officio	0/00/00	0/00/00	0/00/00	0/00/00	KEN HARDY 243-3333
Charles Arteaga 1439 Millar Ketchikan 99901 Teacher's Retirement Chair	0/00/00	0/00/00	0/00/00	90/01/31	225-9815
Vernon A Cates 2001 Wildwood Lane Anchorage 99503 Physician	84/06/22	85/05/21	88/07/25	92/06/30	276-6301
C. "Steve" R Hafling 1147 "G" Street Anchorage 99501 Personnel Board Chair Chair	60/00/00	84/07/31	0/00/00	90/06/20	277-2409
J. Michael James 2401 East 42 Avenue Anchorage 99501 Physician	84/06/22	86/08/06	0/00/00	90/06/30	563-8876

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 8, 1990

The Honorable Tim Kelly
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill expanding the Public Employees Retirement Board and the Teachers' Retirement Board to include two physician members when the boards are hearing disability appeals, and dissolving the Public Employees' and Teachers' Disability Review Board (DRB).

The bill repeals AS 39.36 (sec. 4 of the bill), which was enacted in 1982 to establish the DRB as an advisory board to the Public Employees Retirement Board (PERB), the Teachers' Retirement Board (TRB), and the administrator of the state retirement systems on disability claims and other medically related matters. The DRB's functions have proven to be very expensive, both to the retirement systems and to claimants. Justification for the expense is questionable, since the PERB rulings are contrary to the DRB's advice in a high percentage of appeals. Disability decisions will be made more expeditiously and less expensively, and the purpose of the legislature in establishing the DRB will be effectuated, if physicians are instead included as members of the PERB and TRB.

Sections 1 and 3 of the bill provide for appointment by the governor of physician members to serve on the boards only for the purpose of hearing appeals involving medical issues concerning entitlement to disability benefits. Two physicians will be appointed from at least two of the state's judicial districts. The two physician members from the judicial district in which a disability appeal hearing is conducted will serve on the board during the appeal unless unable to do so or unless there are no physician members from that judicial district, in which case physician members from other judicial districts will serve

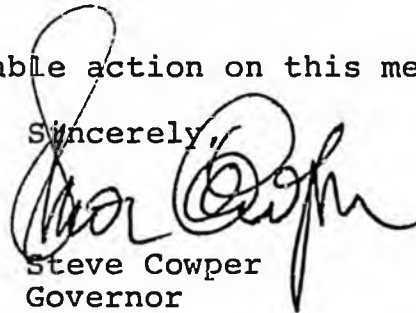
on a rotating basis under regulations adopted by the boards.

As with the DRB, physician members will be compensated for their service, at a rate determined by the commissioner of administration, commensurate with the physicians' normal hourly earnings. (Sections 2 and 3 of the bill.)

Transition provisions in sec. 5 of the bill allow current physician members of the DRB to serve as physician members of PERB and TRB until the governor appoints physician members.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", is written over the typed name and title.

Steve Cowper
Governor