

S B

314



Senate Health, Education and Social Services Committee

Senator Paul Fischer, Chairman

Senator:

A number of Hospitals are concerned about the impact this bill will have upon them. They would like to set up a teleconference next week.
(Wednesday)

Also, the Court system may be fiscally impacted by this bill. They are working on a fiscal note. They have stated that they "Have no idea of how many new cases this will bring in".

Perhaps public safety ^{may} ~~will~~ be impacted as well.

DCM 3/14

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE _____
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER

SA

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

5/2/89

DATE TURNED INTO OFFICE _____

Mr. President:

HESS

Committee considered

SB 314

limiting the right to receive medical benefits under the public employees' retirement system and the teachers' retirement system simultaneously

and recommended:

- replace with CS _____ same title
- attached amendment(s) and new title
- _____ letter of intent adopted
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____

FISCAL NOTE(S) attached zero fiscal impact
 appropriation no FN attached Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]

Al Adams

Tom Kelly

Jim Duncan - No Rec

Paul Frink (Do Pass)

 Chair : signature and recommendation

Committee backup attached

Alaska State Legislature

SENATOR PAUL FISCHER, Chairman
SENATOR JIM DUNCAN, Vice Chairman
SENATOR AL ADAMS
SENATOR LLOYD JONES
SENATOR TIM KELLY



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Senate Committee on Health, Education and Social Services

TO: MEMBERS OF THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE.

FROM: SENATOR PAUL FISCHER, CHAIRMAN

DATE: JANUARY 22, 1990

RE: SENATE BILL 314 - LIMITING PERS AND TRS MEDICAL BENEFITS.

DURING TESTIMONY BEFORE THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE, IT WAS DETERMINED THAT SOME INDIVIDUALS ARE ELIGIBLE TO RECEIVE 100 % MEDICAL COVERAGE WHEN THEY RETIRE UNDER BOTH PERS AND TRS.

THIS POSES AN UNFAIR ADVANTAGE NOT SHARED BY THOSE WHO RETIRE UNDER ONE SYSTEM ONLY. IT IS THE INTENT OF THIS BILL TO LIMIT RETIREMENT BENEFITS FOR MEDICAL COVERAGE TO 80%. THIS WILL KEEP THE SYSTEM IN A MORE EQUITABLE POSITION.

THE MAIN PROVISION OF THIS BILL IS TO PROHIBIT A PERSON WHO RECEIVES BENEFITS UNDER BOTH PERS AND TRS FROM RECEIVING MAJOR MEDICAL BENEFITS SIMULTANEOUSLY FROM BOTH SYSTEMS. THE BENEFIT RECIPIENT MUST SELECT WHETHER TO RECEIVE BENEFITS UNDER PERS OR TRS.

THIS BILL WILL RESULT IN A NET SAVINGS TO THE STATE IN THE RANGE OF \$70,000.

STATE OF ALASKA
THE LEGISLATURE

POUCHY STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 22, 1990

SUBJECT: Sectional Analysis of SB 314
(Medical benefits under PERS and TRS)

TO: Senator Paul Fischer
Chairman, HESS Committee

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have requested a sectional analysis of the above described bill.

As a preliminary matter, note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Sections 1 and 2 make technical amendments in the Teachers' Retirement System (TRS) statute concerning major medical benefits to reflect the addition, by bill section 3, of a new subsection.

Sec. 3 prohibits a person who receives benefits under both TRS and the Public Employees' Retirement System (PERS) from receiving major medical benefits simultaneously from both systems. The benefit recipient must select whether to receive benefits under PERS or under TRS.

Secs. 4 and 5 make technical amendments in the PERS statute concerning major medical benefits to reflect the addition, by bill section 6, of a new subsection.

Sec. 6 prohibits a person who receives benefits under both PERS and TRS from receiving major medical benefits simultaneously from both systems. The benefit recipient must select whether to receive benefits under PERS or under TRS.

If I may be of further assistance, please advise.

TC:lmb
L9/068

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: An Act Limiting Benefits Under the PERS and TRS Agency Affected: University of Alaska
BRU: UAF, UAA, UAS
 Sponsor: Senate HESS
 Requestor: Senate HESS Components: _____

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						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
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						

ANALYSIS : (Attach a separate page if necessary)

Senate Bill SB 314 would eliminate dual health insurance coverage under the PERS and TRS. Since current active or retired members of the systems would not be affected, only new hires, no immediate savings, would be recognized. Future fiscal impact is not expected to be measurable on the contribution rate or the funding ratios for the PERS

Prepared by: Marsha Hubbard Phone: 474-7593 or TRS.
 Division: Statewide Budget Date: 2/7/90

Approved by Commissioner: Brian Rogers Date: 2/7/90
 Agency: University of Alaska

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

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
 Title: An Act limiting medical benefits BRU: Retirement and Benefits
under the PERS and TRS.
 Sponsor: (S) HESS Components: Retirement and Benefits
 Requestor: Senate HESS

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	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	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	0	0	0	0	0	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	0	0	0	0	0	0
TOTAL	0	0	0	0	0	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)

See attached fiscal implications.

Prepared by: Sally Smith *Sally Smith* Phone: 465-4470
 Division: Retirement and Benefits Date: 01/22/90
 Approved by Commissioner: Frank S. Baxter *Frank S. Baxter* Date: 1/23/90
 Agency: Department of Administration

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

Senate Bill 314
Analysis of Financial Implications on the Retirement Systems
Prepared by Division of Retirement & Benefits
Department of Administration
January 22, 1990

Analysis: Senate Bill 314 would eliminate dual health insurance coverage under the Public Employees' and Teachers' Retirement Systems. Since current active or retired members of the systems would not be affected, only new hires, no immediate savings would be recognized. Though this provision could save the systems \$75,000 annually, the amount is insufficient to impact the funding of the systems; therefore, this bill would have no measurable impact on the contribution rate or the funding ratios of either the PERS or TRS.

given twenty years of part-time service to retire under the teacher's retirement system with a twenty year retirement. Their benefit was based on their actual accumulated service.

Senator Fischer asked if the person was working part-time for the school district and part-time for another government agency and they would qualify for early retirement and only one agrees, what would happen? Mr. Stalnaker said if a member became vested under both systems by this legislation, then their participation under the RIP would be totally dependent upon the employer that designated them to participate. If both employers designated the person then they would be able to participate under both systems. If one employer designated them, they could retire under one system but couldn't retire under the other system until they were eligible to retire. He said the benefit that is accumulated under each system would be totally independent of the other.

Senator Fischer asked if a person could retire early from TRS and still work for PERS. Mr. Stalnaker said currently, under the PERS system, a new employee can't retire until they reach the age of sixty and can early retire at fifty-five. Currently, under the teacher's system, normal retirement is age fifty-five and early retirement is fifty.

Senator Duncan referred to the RIP program and said if a person retires from PERS and they go to work for TRS or visa versa, the person would have to pay a penalty.

Senator Jones asked how many people would this legislation affect. Mr. Stalnaker said presently there isn't a way to compare who is working or who could potentially work under both systems because they are two different systems and that data isn't maintained. He said it would probably be less than ten. Senator Duncan said just because these people happen to work for two different employers, they shouldn't be penalized.

Number 614

Jackie Lorensen, Education Specialist, Alaska State Museum, said last year she had taken a half-time position at Gastineau School to teach. She stated she is half-time under PERS and half-time under the Teacher Retirement Program. She said in November, 1988, she found out that she couldn't contribute to both retirement systems. Senator Jones asked her which plan she chose. Ms. Lorensen said she chose the Teacher Retirement Program.

Senator Kelly referred to the medical benefits and asked when a person retires, do they have to choose one or the other or do they receive medical benefits under both

systems. Mr. Stalnaker said at the present time a person can't participate under both systems. A person in this situation would make an election as to which system they want and when that person retires they would get the medical benefits under the system. This legislation enables them to accumulate service under each system. There is a conditional benefit that says if a member has worked under the PERS and is vested under the program and goes to work under TRS for two years, they get a conditional benefit which includes everything provided under TRS.

TAPE 1, SIDE 2
Number 025

Senator Duncan said there is a difference in medical benefits between a working employee. Retirees are at 80 percent. In PERS workers are at 90 percent. Senator Duncan asked if there are people who are presently getting 100 percent coverage. Mr. Stalnaker said there are. Senator Duncan asked if it has any impact on the retirees premium costs. Mr. Stalnaker said it has the net effect of actually reducing the cost of health. There will be people who will retire under other systems. There is a situation that exists for married people that both retire under one system. They are both eligible for full health benefits, but because under the retirement system, the benefit also includes a benefit for the spouse. The system isn't being charged for two full health plans because they coordinate between themselves.

Senator Fischer said this may be an unfair advantage to people who are single as they wouldn't be getting 100 percent. Mr. Stalnaker said a person who works through one system their entire career would get the health benefit from provided by the system which is currently 80 percent.

Senator Duncan noted this legislation doesn't create a problem as the problem already exists. There was continued discussion regarding this matter.

Senator Duncan made a motion to move SB 163 out of the Senate HESS Committee. Senator Fischer asked if there were any objections to moving the bill out of committee, hearing none, the bill moved with individual recommendations.

Number 312

Senator Fischer adjourned the meeting at 5:15 p.m.