

S B

370

SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER SB 370

SPONSOR Gov/Rules

BILL TITLE Expands PERS/TRS, dissolves Disability
Review Board.

DATE REFERRED 1-8-90

HEARING SCHEDULED 2-26-90

FISCAL NOTE PREPARED

SPONSOR CONTACTED -

INTERESTED PARTIES CONTACTED

NO. Retirement - Bob Stalucker 4460
Yes Sally Smith:

OTHER

5051e

STATE OF ALASKA

- Public Employees' Retirement System
- Teachers' Retirement System
- Judicial Retirement System
- Elected Public Officers Retirement System
- National Guard Retirement System
- Territorial Retirement System
- Retirees' Voluntary Dental-Vision-Audio Plan
- Supplemental Benefits System
- Group Health/Life Insurance Benefits
- Deferred Compensation Plan
- Public Employers Social Security Contributions

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

- P.O. BOX CF
JUNEAU, ALASKA 99811-0203
PHONE: (907)465-4460
Fax# 465-3086
- 701 EAST TUDOR ROAD, SUITE 240
ANCHORAGE, ALASKA 99503-7445
PHONE: (907) 563-5885

STEVE COWPER, GOVERNOR

April 10, 1990

The Honorable Pat Pourchot
Alaska State Senator
P.O. Box V
Juneau, AK 99811

Dear Pat:

Thanks so much for carrying SB 370 on the Senate floor for us. Attached are some comments and a bill analysis that I hope will help. If you have questions as you look them over, please give me a call at 465-4470.

Sincerely,

Sally Smith
Director

SS/ksl

cc: Frank S. Baxter, CPA
Commissioner
Department of Administration

Gary Bader
Deputy Commissioner
Services to State Agencies
Department of Administration

Sioux Plummer
Special Assistant
Department of Administration

COMMENTS FOR SB 370

...expanding the PERS and TRS Boards and eliminating the Disability Review Board...

Legislation in 1982 established the Disability Review Board to

- provide expert review of disability claims
- advise the retirement boards and the administrator on disability appeals

Current Disability Review Board Composition, 5 members:

- the chairs of the PERS and TRS Boards
- 2 physicians
- a representative from the vocational rehabilitation office

Problems

- the Disability Review Board is ADVISORY only
- recommendations forwarded to the retirement boards do not carry meaningful information from the DRB hearing
- DRB recommendations are overturned more than 50% of the time by the retirement boards
- disability applicants must submit to the time and expense of two hearings if the DRB rules against them
- state must prepare for and travel to two hearings if the DRB rules against the appellant

This bill will

- abolish the Disability Review Board
- add 2 physicians as voting members to the PERS and TRS boards ONLY for the purpose of hearing disability appeals
- allow PERS and TRS board members to hear medical evidence first hand
- reduce expenses for both the appellants and the State by eliminating 4 meetings per year
- simplify the process but still present the information

SECTION ANALYSIS

Section 1.

Adds two physicians as voting members to the TRS Board for disability appeals only.

Physicians are appointed by the governor:

two each from at least two of the state's four judicial districts hearing location determines which physicians serve for the hearing

Section 2.

Regular board members receive travel and per diem as necessary (no change)

Physicians receive hourly compensation based on normal hourly earnings (no change, currently \$250 per hour)

Section 3.

Same as sections 1 and 2 except its the PERS Board

Section 4.

Repeals the Disability Review Board

Section 5.

Places current DRB physicians on the PERS and TRS Boards until new appointments are made.

Section 6.

Effective date, July 1, 1990.

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: An Act expanding the PERS and TRS Board to include two physician members*
 Sponsor: Rules Committee
 Requestor: Governor

Agency Affected: Administration
 BRU: Retirement & Benefits
 Components: Retirement & Benefits

*to hear disability appeals; dissolving the PERS and TRS Disability Review Board, ...
EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY91	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						
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REVENUE						
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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)

Prepared by: Sally Smith, Director Phone: 465-4470
 Division: Retirement & Benefits Date: 1/01/90
 Approved by Commissioner: Frank B. ... Date: 1/21/87
 Agency: Administration

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

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

DATE: January 8, 1990

FURTHER: Finance

Date of 5-Day Notice: 2.22.80
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: _____

State Affairs Committee considered

SENATE BILL NO. 370

"An Act expanding the 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; and providing for an effective date."

and recommended:

- replace with _____ CS _____ same title
 attached amendment(s) new title
 _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

fiscal note(s) Admin 1890

zero fiscal note(s) _____

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Tom Kelly
Paul Adams
Paul Adams

Pat Kourilsk do pass
Chair: Signature and Recommendation

for handling an absentee ballot would be the same as that of a question ballot.

Number 429

SENATOR KELLY suggested that since the bill would not impact any races this year that it be given a January 1, 1991 effective date.

Number 438

LINDA EDGEWORTH responded that their only concern is to see State election standards set in place prior to the passage of proposed federal legislation, which would have January 1, 1993 effective date.

Number 602

SENATOR KELLY moved and asked that SB 378 be amended by adding a January 1, 1991 effective date. Hearing no objection, it was so ordered by the Chairman.

Number 608

SENATOR ADAMS moved and asked unanimous consent that the CS for SB 378 be passed from committee with individual recommendations. Hearing no objection, it was so ordered by the Chairman.

#

#SB370

Number 615

CHAIRMAN POURCHOT introduced SB 370 as the next order of business.

Number 620

SALLY SMITH, Director of the Division of Retirement and Benefits, stated that the bill would repeal the Disability Review Board and incorporate the services of that board into the existing PERS and TRS board for the purposes of hearing appeal cases for disability retirement benefits. She stated that this change would streamline the process, and provide for better final decisions that are based more on fact and less on emotion. She also noted that it should save the state money in travel expenses and attorney fees.

Number 677

SENATOR KELLY questioned the savings to the state, asking what the compensation rate would be to the physicians serving on the board.

Number 682

SALLY SMITH stated that the current compensation rate set for the

two physicians serving on the board was set in statute at \$250 an hour, and that most of the meetings held to date had only been for one day with limited travel. She noted that to forestall any further travel costs, the bill authorized a pool of physicians, appointed within the State's four judicial districts, who would act as consultants to the board on disability appeal cases, when a meeting was held within their area.

Number 748

SENATOR KELLY asked how many people were currently on disability retirement and what they received monthly.

Number 751

SALLY SMITH stated that there were 183 cases under PERS and 99 under TRS. She noted that the average age under PERS for police and fire was 39.5 with benefits at \$735/month and that for all others under TRS, the average age was 43 at \$1034/month. She further noted that occupational injuries under PERS received higher benefits than non-occupational injuries, but that the overall benefits received under TRS were higher than those under PERS.

Number 796

CHAIRMAN POURCHOT asked how an appeal case would differ by changing the system.

Number 800

SALLY SMITH stated that presently an appeal case is heard first before the review board and then the PERS and TRS board, and that combining the boards would eliminate a duplication of appearance and attorney fees on the part of the appellant.

Number 860

SENATOR UEHLING moved and asked unanimous consent that the CS for SB 370 be passed from committee with individual recommendations. Hearing no objection, it was so ordered by the Chairman.

#

#SB150

Number 866

CHAIRMAN POURCHOT introduced a proposed CS for SB 150 as the last order of business.

TAPE ONE, SIDE B

Number 001

SENATOR DUNCAN, prime sponsor of SB 150, gave an overview of the

Alaska State Legislature

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman
Sen. Al Adams
Sen. Tim Kelly
Sen. Rick Uehling



P.O. Box V
State Capitol
Juneau, Alaska 99811

907-465-3712

Senate State Affairs Committee

MEMORANDUM

TO: Senate State Affairs Committee Members
FROM: Senator Pat Pourchot
RE: Monday, February 26 Committee Hearing
DATE: February 24, 1990

On Monday, February 26 at 1:30 p.m. in the Beltz Room the Senate State Affairs Committee will hear the following bills:

SB 378, An Act relating to voter qualification and registration for state elections; and relating to computation of time for purposes of AS 15.

This bill, introduced at the request of the Governor, would allow qualified individuals voting in person before an election official, who have been residents of the state for at least 30 days, but who have failed to register in time for election, to register on election day and to vote in statewide elections for statewide candidates and measures. SB 378 also clarifies that absentee ballots are subject to the same review process and are counted in the same manner as questioned ballots. A clarification of the "computation of time rule" is added to provide that if a deadline for an election activity or requirement falls on a weekend or holiday, the deadline is extended to the first weekday after the weekend/holiday.

SB 370, An Act expanding the 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; and providing for an effective date.

This bill, introduced at the request of the Governor, repeals AS 39.36, which was enacted in 1982 to establish the Disability Review Board (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. A high percentage of appeals to PERB have been contrary to DRB's advice. This bill would dissolve the DRB and provide for the appointment of physician members to serve on PERB and TRB only for the purpose of hearing appeals involving medical issues.

Proposed CS for SS SB 150, An Act establishing a senior housing office and loan program in the Department of Community and Regional Affairs; and authorizing the issuance of bonds for senior housing.

Senator Duncan has revised the previous proposed CS, to include the following: clarification of AHFC's and the Department of Community and Regional Affairs roles in setting regulations, approving loans and administering loans. This bill sets a \$30 million bond cap, specifies the interest rates on construction loans and permanent loans and clarifies how the Senior Housing Revolving Fund works.

SB 370, An Act expanding the 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; and providing for an effective date.

NOTIFIED; *indicates will testify

*Sally Smith: Director of Retirement and Benefits
Steve Hafling: member Disability Review Board, reps PERS
Bob Covington: member TRS board
Charlie Arteaga: member Disability Review Board, reps TRS

FYI:

Appears to be a "streamlining" bill, I have not found anyone who disagrees with dissolving the board from either the administration or non-administration side. The Advisory Board's opinion is often turned around by the PERS board, this happens with the TRS board too but not as often.

NO ONE ON TELECONFERENCE

STEVE COWPER
GOVERNOR



370

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

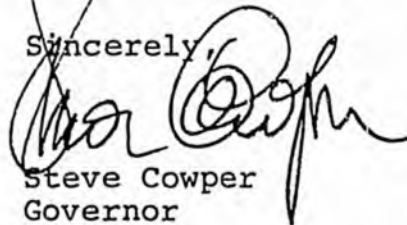
on a rotating basis under regulations adopted by the boards.

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", written over the typed name.

Steve Cowper
Governor



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

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President of the Senate
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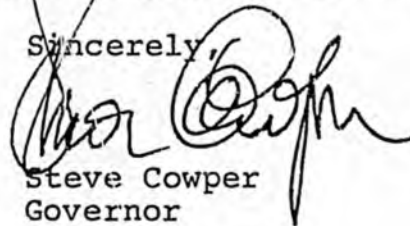
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I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the word "Sincerely,".

Steve Cowper
Governor

PERS BOARD MEMBERS

C. R. "Steve" Hafling
Chairman
1147 G Street
Anchorage, AK 99501
Phone: 277-2409 - work
FAX # 264-6745
Term Expires: 6/20/90

Michael Andrews
408 Haines Avenue
Fairbanks, AK 99701
Phone: 457-4444 - work
456-7254 - home
Term Expires: 6/20/94

Marlene A. Johnson
9505 Antler Way
Juneau, AK 99801
Phone: 945-3275 - Wings of AK
945-3372 - Home
586-1512 - Sealaska
789-3898 - Son
Term Expires: 6/20/92

James "Pat" Wellington
2802 Wesleyan
Anchorage, AK 99508
Phone: 265-8362 - work
338-2653 - home
Term Expires: 3/7/90

Mary A. Notar
3371 Douglas Hwy.
Juneau, AK 99801
Phone: 586-2571 - home
Term Expires: 3/7/90

Rob Johnson, PERS & TRS Board Attorney
Wohlforth, Argetsinger, Johnson & Brecht
900 W. 5th Ave., Suite 600
Anchorage, AK 99501 Phone 276-6401

TRS BOARD MEMBERS

Charles M. Arteaga
Chairman
1439 Millar
Ketchikan, AK 99901
Phone: 225-9815 - work
225-6776 - home
Term Expires: 1/31/93

Garris "Bob" Covington
SRD Box 9340
Palmer, AK 99645
Phone: 745-3365- home
745-4266 - work
Term Expires 1/31/91

Roxy A. McDonagh
402 East 23 Avenue
Anchorage, AK 99503
Phone: 272-0957 - home
Term Expires: 1/31/92

Dorothy Wells
P. O. Box 56171
North Pole, AK 99705
Phone: 488-6955 - home
Term Expires: 6/30/90

Stephanie Winsor
c/o Cully School
Point Lay, AK 99759
Phone: 833-2715 - home
833-2313 - work
Term Expires: 6/30/90

REVISION DATE: 3/20/89

DISABILITY REVIEW BOARD

MEMBER	APPT	REAPT	REAPPT	TERM	
Keith Anderson Dept. of Ed., P.O. Box P 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

1984 — Legis dec'd to streamline
by creating Disability Review Bd.

Main board ignores Advisory Board
recommendations thus

add physicians to main board,
to give benefit

DRB has been told — OK

(Drs get paid more)

* send
lists

DRB: **5** members

PERS / Steve Hafling (

TRS / Charlie Artega

~~Steve~~

non-occupational

Alaska State Legislature

Sen. Pat Pourchot, Chairman

Sen. Jan Faika, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V
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Juneau, Alaska 99811

907-465-3712

Senate State Affairs Committee

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