

SB

79

ALASKA STATE LEGISLATURE

Session
State Capitol Building, Room 125
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SENATOR LESIL MCGUIRE

Co-Chair
Senate Resources Committee

Chair
Senate Special Committee on Energy
Senate Special Committee on World Trade,
Technology & Innovation

Member
Senate Judiciary Committee
Joint Armed Services Committee

MEMORANDUM

To: Senator Linda Mernard
Chair, Senate State Affairs Committee

From: Senator Lesil McGuire

Date: February 4, 2009

Re: Hearing Request: SB 79: MEDICAL BENEFITS OF DISABLE PEACE OFFICERS

I respectfully request that SB 79: MEDICAL BENEFITS OF DISABLE PEACE OFFICERS be scheduled for a hearing in the Senate State Affairs Committee at your earliest convenience. Attached you will find the most current version of the bill, a sponsor statement, and all backup information.

If you have any questions or concerns, please feel free to contact me personally or my staff, Trevor Fulton, at x3579. Thank you for your time and consideration.

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Joint Armed Services Committee

SPONSOR STATEMENT

SB 79: Medical Benefits of Disabled Police Officers

SB 79 corrects an incongruity in PERS statute that denies major medical coverage to public safety employees that are disabled between their 20th and 25th years of service.

Everyday Alaska's public safety employees risk their lives and health to protect the lives and property of our citizens. The state gratefully recognizes this by making public safety employees eligible for retirement at 20 years of service instead of the standard 25. Unfortunately, this discrepancy in service required for retirement poses a problem for a small number of public safety employees that become disabled between their 20th and 25th year of service.

Alaska Statute provides that, if disabled, state employees receive major medical coverage prior to reaching their normal retirement and that coverage continues when employees transition to normal retirement. At first glance it would appear that all PERS Tier II and III employees disabled on the job would receive major medical coverage from time of disability through retirement, but this is not true for public safety employees.

Because of how "disabled member" is defined in statute, public safety employees who are disabled between their 20 and 25th year would not be eligible for major medical coverage until age 60. This occurs because of the different retirement standard for PERS regular employees and PERS public safety employees.

Public safety employees are eligible for retirement at 20 years of service but do not receive major medical coverage until 25 years of service. In order to be qualified as a "disabled member" for purposes of this benefit, employees must be receiving a disability benefit from the plan at the time of retirement. Because a public safety employee is technically in retirement after year 20, if they become disabled after this time they are not receiving a benefit from the plan and therefore do not qualify as a "disabled member". Subsequently they would be "appointed to normal" retirement and would not be eligible for major medical benefits until age 60.

SB 79 corrects this oversight by making the necessary change to AS 39.35.535 to allow disabled public safety employees to qualify for major medical benefits should they be injured during their 20th through 25th year.

26-LS0389\E
Wayne
2/12/09

CS FOR SENATE BILL NO. 79()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS MCGUIRE, Paskvan

A BILL

FOR AN ACT ENTITLED

1 "An Act waiving payment of premiums for major medical insurance under the defined
2 benefit retirement plan for public employees who are disabled and have at least 20 years
3 of credited service as peace officers; and providing for an effective date."

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

5 * Section 1. AS 39.35.535(c) is amended to read:

6 (c) A benefit recipient may elect major medical insurance coverage in
7 accordance with regulations and under the following conditions:

8 (1) a person, other than a person described in (2) of this subsection
9 [DISABLED MEMBER OR A DISABLED MEMBER WHO IS APPOINTED TO
10 NORMAL RETIREMENT], must pay an amount equal to the full monthly group
11 premium for retiree major medical insurance coverage [IF THE PERSON IS

12 (A) YOUNGER THAN 60 YEARS OF AGE AND HAS LESS
13 THAN

14 (i) 25 YEARS OF CREDITED SERVICE AS A

1 PEACE OFFICER UNDER AS 39.35.360 AND 39.35.370; OR

2 (ii) 30 YEARS OF CREDITED SERVICE UNDER
3 AS 39.35.360 AND 39.35.370 THAT IS NOT SERVICE AS A
4 PEACE OFFICER; OR

5 (B) OF ANY AGE AND HAS LESS THAN 10 YEARS OF
6 CREDITED SERVICE];

7 (2) a person is not required to make premium payments for retiree
8 major medical coverage if the person

9 (A) is a disabled member;

10 (B) is a disabled member who is appointed to normal
11 retirement;

12 (C) is 60 years of age or older and has at least 10 years of
13 credited service; or

14 (D) has at least

15 (i) 20 years of credited service as a peace officer
16 under AS 39.35.360 and 39.35.370 and was disabled after the
17 person's 19th year of service but before the person's 25th year of
18 service;

19 (ii) 25 years of credited service as a peace officer under
20 AS 39.35.360 and 39.35.370; or

21 (iii) [(ii)] 30 years of credited service under
22 AS 39.35.360 and 39.35.370 not as a peace officer.

23 * Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to
24 read:

25 RETROACTIVITY. This Act is retroactive to July 1, 2006.

26 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101


State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 13, 2009

SUBJECT: Draft CSSB 79(): peace officer and fire fighter retirement
(Work Order No. 26-LS0389\E)

TO: Senator Linda Menard
Chair of the Senate State Affairs Committee

FROM: Dan Wayne 
Legislative Counsel

Enclosed is a draft of the proposed committee substitute for SB 79 that you have requested on behalf of the Senate State Affairs Committee.

On page 1, line 2, I amended the title for clarity by deleting "**for disabled peace officers who**" and inserting "**who are disabled and**". I also added a second bill section, as requested, to make the Act retroactive to July 1, 2006 -- the first day upon which a disabled employee with 20 - 25 years of credited service as a peace officer might have been required, because of the "benefits gap" addressed by the bill, to pay for retiree major medical insurance coverage. Sound drafting practice requires that bills with retrospective effect also have an immediate effective date. *Manual of Legislative Drafting*, page 34.

If amended as proposed in the enclosed draft bill, AS 39.35.535(c) will close the perceived "benefits gap" that is the focus of SB 79, for all peace officers, including fire fighters and correctional officers. The term "peace officer" used in the draft bill is defined in AS 39.35.680(30), which reads:

(30) "peace officer" or "fire fighter" means an employee occupying a position as a peace officer, chief of police, regional public safety officer, correctional officer, correctional superintendent, fire fighter, fire chief, or probation officer, but does not include a village public safety officer employed by a village public safety officer program established under AS 18.65.670.

DCW:plm
09-094.plm

Enclosure

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SB 079
() Publish Date: _____

Identifier (file name): SB079-DOA-DRB-02-06-09 Dept. Affected: Administration
Title: An Act waiving payment of premiums for major medical insurance under the defined benefit retirement plan for public employees for disabled peace officers.... RDU: Centralized Administrative Services
Component: Retirement and Benefits
Sponsor: Senator McGuire, Senator Paskvan
Requester: Senate State Affairs Committee Component Number: 64

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required		Information				
	FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES							
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	12.4	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	12.4	0.0	*	*	*	*	*

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1029 PERS	12.4	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interagency Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	12.4	0.0	*	*	*	*	*

Estimate of any current year (FY2009) cost: \$12.8

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This bill would provide medical insurance to Tier II and III Public Employees Retirement System (PERS) disabled peace officers and firefighters (P/F) who are currently eligible for normal retirement with 20 years of P/F service but are not eligible for system-paid medical premiums which requires they have 25 years of P/F service or be age 60. Under current statute, a peace officer or firefighter must have become disabled before the 20th year of service in order to receive system-paid medical premiums. This bill will provide Tier II and III PERS disabled peace officers and firefighters who are currently eligible for normal retirement with 20 years of P/F service to also be eligible for system-paid medical premiums. A breakdown of the costs for this bill are contained on page two of this fiscal note.

Prepared by: Patrick Shier, Director
Division: Retirement and Benefits
Approved by: Rachael Petro
Deputy Commissioner, Department of Administration

Phone 465-4817
Date/Time 02-06-09 1:22 p.m.
Date 2/6/2009

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. SB 079

ANALYSIS CONTINUATION

ACTUARIAL COSTS

Buck Consultants used draft data from the State of Alaska Public Employees' Retirement System draft valuation for the period ending June 30, 2008 to arrive at the cost estimate as shown below:

The population affected by this bill are 2,275 Tier II and III Peace Office/Firefighter members.

This change will add \$567,000 to the unfunded liability of the retirement system, which will be amortized over 25 years. The table below shows the instalments for fiscal years 2009 through 2014. Dollars are in thousands.

	FY 09	FY10	FY11	FY12	FY13	FY 14	FY 15
Increase in Annual Employer Contribution Amount	\$0.0	\$0.0	\$67.0	\$70.0	\$73.0	\$76.0	\$79.0

OPERATIONS COST

The following one-time programming costs will be incurred to add the requirements of this bill to the division's computer systems (CRS). Programming must begin in FY 09 in order to be operational by the effective date of the bill. No follow up activities are needed after the initial programming/testing phase has been completed.

FY 09

CRS Programming (basic edits for adding new group) 80 hrs @ \$120.00 per hour = \$ 9,600.00

CRS Testing 40 hrs @ \$ 80.00 per hour = \$ 3,200.00

\$12,800.00

FY 10

Statement adaptation (modifications for new group) 80 hrs @ \$120.00 per hour = \$ 9,600.00

CRS/Statement testing 35 hrs @ \$ 80.00 per hour = \$ 2,800.00

\$12,400.00

Total: \$25,200.00

□

FISCAL NOTE

**STATE OF ALASKA
2009 LEGISLATIVE SESSION**

Fiscal Note Number: _____
 Bill Version: HB 087
 () Publish Date: _____

Identifier (file name): HB087-DOA-DRB-01-30-09 Dept. Affected: Administration
 Title: An Act waiving payment of premiums for major medical insurance under the defined benefit retirement plan for public employees for disabled peace officers.... RDU: Centralized Administrative Services
 Component: Retirement and Benefits
 Sponsor: Rep. Millet, Rep. Dahlstrom, Rep. Gara
 Requester: House Labor and Commerce Committee Component Number: 64

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES							
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	12.4	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	12.4	0.0	*	*	*	*	*

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1029 PERS	12.4	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interagency Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	12.4	0.0	*	*	*	*	*

Estimate of any current year (FY2009) cost: \$12,800.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)
 This bill would provide medical insurance to Tier II and III Public Employees Retirement System (PERS) disabled peace officers and firefighters (P/F) who are currently eligible for normal retirement with 20 years of P/F service but are not eligible for system-paid medical premiums which requires they have 25 years of P/F service and be age 60. Under current statute, a peace officer or firefighter must have become disabled before the 20th year of service in order to receive system-paid medical premiums. This bill will provide Tier II and III PERS disabled peace officers and firefighters who are currently eligible for normal retirement with 20 years of P/F service to also be eligible for system-paid medical premiums. A breakdown of the costs for this bill are contained on page two of this fiscal note.

Prepared by: Patrick Shier, Director
 Division: Retirement and Benefits
 Approved by: Rachael Petro
Deputy Commissioner, Department of Administration

Phone 465-4817
 Date/Time 1-29-09 1:22 p.m.
 Date 1/30/2009

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. HB 087

ANALYSIS CONTINUATION

ACTUARIAL COSTS

Buck Consultants used data from the State of Alaska Public Employees' Retirement System valuation for the period ending June 30, 2008 to arrive at the cost estimate as shown below:

The population affected by this bill are 2,275 Tier II and III Peace Office/Firefighter members.

This change will add \$567,000 to the unfunded liability of the retirement system, which will be amortized over 25 years. The table below shows the installments for fiscal years 2009 through 2014. Dollars are in thousands.

	FY 09	FY10	FY11	FY12	FY13	FY 14	FY 15
Increase in Annual Employer Contribution Amount	\$0.0	\$0.0	\$67.0	\$70.0	\$73.0	\$76.0	\$79.0

OPERATIONS COST

The following one-time programming costs will be incurred to add the requirements of this bill to the division's computer systems (CRS). Programming must begin in FY 09 in order to be operational by the effective date of the bill. No follow up activities are needed after the initial programming/testing phase has been completed.

FY 09

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\$12,800.00

FY 10

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\$12,400.00

Total: \$25,200.00

□

PERS Public Safety Employee Major Medical Insurance Gap in Coverage

Prepared by Alaska Professional Fire Fighters Association

We have identified a serious problem in the PERS II & III retirement plans as they relate to major medical coverage for disabled public safety employees. If a public safety employee is disabled in their 20th to 25th year of service, they and their family would not receive major medical coverage until they are 60 years old.

This problem was first brought to our attention on November 26, 2007 by PERS Counselor, Kathy Carson. She was addressing a PERS Retirement seminar for public safety employees sponsored by the Fairbanks Fire Fighters Association. This revelation led to a presentation by PERS Counselor Larry Davis at the Alaska Professional Fire Fighters Annual Convention held later that week in Juneau. Mr. Davis repeated the assertion that public safety employees disabled in their 20 – 25 years of employment do not receive major medical coverage for themselves and their families until age 60. A follow up conversation with PERS Disability Specialist, Patricia Bower, confirmed the information. Ms. Bower also confirmed that this problem had not affected any employees to date. This only affects PERS tier II & III employees hired on or after July 1, 1986, so the earliest this would have effect is July 1, 2006.

Alaska Statutes provide that disabled employees receive major medical coverage prior to reaching their normal retirement and continue to receive coverage when appointed to normal retirement. At first glance it would appear that all PERS Tier II & III employees disabled on the job receive major medical coverage at time of disability and on into retirement. That is true for non public safety employees. However, according to PERS administrators, such is not the case with public safety employees.

The explanation given for this gap in coverage is that in statute under definitions, “disabled member” is defined as an employee receiving a disability benefit from the plan. PERS II & III public safety employees are eligible for normal retirement at 20 years of service, but do not receive retiree major medical coverage until 25 years of service. A public safety employee disabled in their 20th to 25th year of service has attained their normal retirement date and therefore not technically disabled, but instead retired. Under definitions they must be receiving a disability benefit to be technically disabled – they never receive a disability benefit.

A public safety employee with 19 years of service, disabled on the job, would be eligible for PERS disability benefits which include major medical coverage for self and family. Upon reaching their normal retirement at what would have been 20 years of service they would be “appointed to normal retirement” and be eligible for medical coverage.

A public safety employee with 26 years of service, disabled on the job, would be “appointed to normal retirement” and since that employee had 25+ years of service they would receive major medical coverage.

A public safety employee with 21 years of service, disabled on the job, would be "appointed to normal retirement" and since they had fewer than 25 years of service they would not be eligible for major medical coverage until they reach age 60.

It should be noted that no such gap in disability/retiree major medical coverage exists for non public safety employees; be they 19, 21, or 26 year employees.

One would hope there was never any intent to exclude employees engaged in high risk occupations, which regularly risk their own live in service to others, from the benefits afforded other public employees. This situation must be corrected. To correct this gap in coverage, as applied by the PERS administration, the present statutes must be carefully examined. The prefacing language in AS 39.35.680(13) "definitions" states "unless the context otherwise requires" (*underline added*) . It could be argued that in the context of major medical coverage for disabled and retired, "disabled member" defines an employee that can no longer work due to a disability. This deserves a thorough legal analysis and a possible review and opinion from the State Attorney General.

Should a legal analysis confirm the position of the PERS administration, a statutory change must be sought at the earliest opportunity. A legislative change will probably require a fiscal note to accompany proposed legislation. The fiscal note may entail an analysis from the actuarial consultant. This begs the question: was this five year gap ever taken into consideration when original analysis was developed? The actuarial may have assumed seamless coverage, as many have for years since PERS II and III were enacted. Nevertheless, the cost should be minimal and should have no bearing on the need to pass legislation to correct this wrong.

Applicable Alaska Statutes (*underlining added*)

Sec. 39.35.535. Medical Benefits.

(a) Except as provided in (d) of this section, the following persons are entitled to major medical insurance coverage under this section:

39.35.535(c)

(2) a person is not required to make premium payments for retiree major medical coverage if the person

(A) is a disabled member;

(B) is a disabled member who is appointed to normal retirement;

(C) is 60 years of age or older and has at least 10 years of credited service; or

(D) has at least

(i) 25 years of credited service as a peace officer under AS 39.35.360 and 39.35.370;

or

(ii) 30 years of credited service under AS 39.35.360 and 39.35.370 not as a peace officer.

Sec. 39.35.680. Definitions.

In AS 39.35.095 - 39.35.680, unless the context otherwise requires,

39.35.680

(13) "disabled member" means an employee who is terminated, who has not received a refund from the plan and is receiving a disability benefit from the plan;

Mark Drygas, President
Alaska Professional Fire Fighters Association
drygas@alaskapffa.org
907-3222-7808

Public Safety Employees Association, Inc.
"Representing Alaska's Finest"

Public Safety Employees Association
Position Paper in Support of SB 79

The Public Safety Employees Association supports SB 79 correcting what many feel is an oversight in AS 39.35.535(c). SB 79 sponsored by Senator Lesil McGuire will allow disabled public safety employee members to qualify for major medical benefits if injured between the twentieth to twenty-fifth year of service.

Under PERS Tier II and III a gap in retiree medical coverage is created that affects a public safety employee disabled in their 20th to 25th year of service. An irregularity between the eligibility for disability and eligibility for normal retirement after 20 years of credited service results in a disabled public safety employee having no retiree medical benefits if the employee becomes disabled within the window.

If a public safety employee with 19 years of service is disabled as a result of service, the employee would be eligible for PERS disability benefits including medical benefits. A Tier II and III employee who is eligible for normal retirement after 20 years of service does not receive retiree major medical coverage until 25 years of service. If a public safety employee attains their normal retirement date but becomes disabled in their 20th to 25th year of service, the disabled employee would not be considered technically disabled but instead normally retired with no medical benefits. Even though the public safety employee has worked 20 years, he or she must have 25 years of service credit to receive retiree medical.

The service performed by public safety employees is filled with risk. Eliminating this gap will provide some reassurance to employees and their families that they will not be caught without medical benefits at a point in their life when the benefits are critically needed.

2/5/2009

John Cyr, PSEA
Executive Director
4300 Boniface Parkway, Suite 116
Anchorage, Alaska



Anchorage Firefighters Local 1264



P.O. Box 242041 • Anchorage, AK 99524-2041
907-349-1264 • 907-349-5580 (fax)

January 26, 2009

Senator Lesil McGuire
State Capitol Room 125
Juneau, Alaska 99801-1182

Ref: SB 79 – Medical Benefits of Disabled Peace Officers

Dear Senator McGuire:

The International Association of Fire Fighters (IAFF) Local 1264 is in support of SB 79 in regards to the lack of medical benefits to Alaska's peace officers who are injured on the job during their twentieth to twenty fifth year of service.

This bill fixes a major discrepancy in the PERS system that has a direct result of harming Alaska's firefighters, correction officers, and public safety officers in general within their twenty to twenty fifth year of service. These individuals will put in entire careers of service only to have all the benefits they have worked for as a state employee taken away for the last five years of service. Please don't hesitate to contact us should you have any questions in regards to this legislation.

Sincerely,

Tom Wescott
President, IAFF Local 1264

February 21, 2008

VIA EMAIL

Mr. Pat Shier
 Director
 Division of Retirement and Benefits
 Department of Administration
 State of Alaska
 333 Willoughby Avenue
 6th Floor State Office Building
 Juneau, AK 99811-0208

**Re: Alaska PERS Peace Officer / Firefighter Actuarial Study –
 Lowering Years of Service Eligibility for Occupational Disability Medical
 Coverage from 25 to 20**

Dear Pat:

As requested, we are providing an estimate of the cost to the State of Alaska Public Employees' Retirement System (PERS) of allowing any Peace Officer/Firefighter member with an Occupational Disability to receive State paid medical benefits starting at 20 years of service versus 25 years of service as the eligibility rules currently read.

RESULTS

The results provided represent employer costs for FY10. The rates were determined using both total system payroll and Peace Officer / Firefighter payroll.

PERS Peace Officer / Firefighter

	Occupational Disability Only (in thousands)
Change in Present Value of Future Benefits	\$ 567
Change in Accrued Liability	\$ 419
Change in Required Contribution	\$ 47
Change in Contribution As a Level Percent of Payroll	
– Peace Officer / Firefighter Pay Only	.0225%
– Total PERS Pay*	.0026%

*This represents the affect on the PERS actuarially required contribution rate.

Mr. Pat Shier
February 21, 2008
Page 2

DATA

No additional data was provided by the State in order to perform this analysis. The data used is summarized below:

	PERS Peace Officer / Firefighters
Number of Actives	2,687
Average Age	41.48
Average Credited Service	10.05
Average Salary (Projected for FY08)	\$ 78,209

ASSUMPTIONS, METHODS AND PROVISIONS

The assumptions, plan provisions and methods used to determine plan costs are those described in the actuarial valuation reports as of June 30, 2007, unless otherwise indicated.

Please let me know if you have any questions or if we can be of further assistance.

Sincerely,



David H. Sliskinsky, ASA
Principal and Consulting Actuary

/mlp

- c: Mr. Kevin Worley, State of Alaska
- Mr. Joe Cooper, Buck Consultants
- Ms. Monica DeGraff, Buck Consultants
- Ms. Michelle DeLange, Buck Consultants
- Mr. Chris Hulla, Buck Consultants

Mr. Pat Shier
 February 8, 2008
 Page 3

bcc: Originator – Dave Slishinsky
 Colin Wein
 Kyla O'Rourke
 Aaron Jurgaitis
 COR
 Client Code: 019732 – 0001 RET04

To be Completed by Author			
CLIENT		AUTHOR	
CLIENT/PROJECT NUMBER		SIGNATURE	
DESCRIPTION OF DOCUMENT			
REQUESTED BY			
REVIEW REQUESTED		LEVEL NEEDED	
<input type="checkbox"/>	A PROOFREAD	—————▶	ANY
<input type="checkbox"/>	B CHECK MATH	—————▶	4
<input type="checkbox"/>	C 2 ND OPINION	—————▶	3
<input type="checkbox"/>	D PROCEDURES & REPORT	—————▶	2
<input type="checkbox"/>	E TOTAL REVIEW	—————▶	2
TO BE COMPLETED BY REVIEWER			
REVIEWER		LEVEL	
COMMENTS			
<input type="checkbox"/>	MADE ON DOCUMENT		
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SIGNATURE		DATE	

ALASKA PROFESSIONAL FIRE FIGHTERS ASSOCIATION

LEGISLATIVE FACT SHEET

CLOSING THE PERS GAP FOR PUBLIC SAFETY EMPLOYEES

H.B. 87 Medical Benefits of Disabled Peace Officers
Sponsor: Representative Charisse Millett

S.B. 79 Medical Benefits of Disabled Peace Officers
Sponsor: Senator Lesil McGuire

The Alaska Professional Fire Fighters Assoc. Strongly Supports H.B. 87 and S.B.79

BACKGROUND

The Alaska Professional Fire Fighters Association has identified a serious problem in the PERS II & III retirement plans as they relate to major medical coverage for disabled public safety employees, i.e: fire fighters, police officers, correction officers. Under current Alaska law, if a public safety employee is disabled in their 20th to 25th year of service, they and their family do not receive major medical coverage until they are 60 years old.

Alaska Statutes provide that disabled employees receive major medical coverage prior to reaching their normal retirement and continue to receive coverage when appointed to normal retirement. At first glance it would appear that all PERS Tier II & III employees disabled on the job receive major medical coverage at time of disability and on into retirement. That is true for non public safety employees. However, such is not the case with public safety employees.

This gap in coverage occurs because under definitions, "disabled member" is defined as an employee receiving a disability benefit from the plan. PERS II & III public safety employees are eligible for normal retirement at 20 years of service, but do not receive retiree major medical coverage until 25 years of service. A public safety employee disabled in their 20th to 25th year of service has attained their normal retirement date and therefore not technically disabled, but instead retired. Under statute definitions they must be receiving a disability benefit to be technically disabled – therefore, they never received a disability benefit.

Under current law, a public safety employee with 19 years of service, disabled on the job, is eligible for PERS disability benefits which include major medical coverage for self and family. The disabled employee, upon reaching their normal retirement, at what would have been 20 years of service, would be "appointed to normal retirement" and be eligible for medical coverage. A public safety employee with 26 years of service, disabled on the job, is "appointed to normal retirement" and since had 25+ years of service they would receive major medical coverage. However, a public safety employee with 21 years of service, disabled on the job, would be "appointed to normal retirement" and since they had fewer than 25 years of service they would not be eligible for major medical coverage until they reach age 60.

Closing this five year gap in disability health care coverage requires a change in State law.

CURRENT LEGISLATION

Passage of H.B. 87 and S.B. 79 will correct this situation and close the 'PERS gap' for Alaska's Public Safety Employees.

ALASKA PROFESSIONAL FIRE FIGHTERS ASSOCIATION

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Deborah Prator

From: Trevor Fulton
Sent: Wednesday, February 11, 2009 12:28 PM
To: Deborah Prator
Subject: SB 79 testimony

Deborah,

Testifying for SB 79 tomorrow will be Jeff Briggs from the Alaska Professional Firefighters Association. Kevin Brooks from the Department of Administration and Pat Shire from the Division of Retirement and Benefits will be there to answer questions.

Please let me know if you have any other questions.

Trevor Fulton
Legislative Staff
Office of Sen. Lesil McGuire
907-465-3579



ALASKA PROFESSIONAL FIRE FIGHTERS
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**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 1/26/09

FURTHER: Labor and Commerce
Finance

Date of 5-Day Notice: 2/4/09
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 2/18/09

State Affairs Committee considered SENATE BILL NO. 79

SB 79 MED BENEFITS OF DISABLED PEACE OFFICERS

"An Act waiving payment of premiums for major medical insurance under the defined benefit retirement plan for public employees for disabled peace officers who have at least 20 years of credited service as peace officers."

and recommends:

- be replaced with SCS or CS SB79 (STA)
- adopt previous SCS or CS _____
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input type="checkbox"/>	Same Title
<input checked="" type="checkbox"/>	New Title
<hr/>	
HOUSE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
Admin	2/4/09	✓			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	French	✓			
	Meyer	✓			
	PASKIN	X			
	Kookesh	X			
CHAIR:	MENARD	✓			