

SB

48

<TARGET><BILL>SB 48</BILL><SUBJECT>SB
48</SUBJECT><COMM></COMM></TARGET>

30th Alaska State Legislature

Judiciary Committee
Chairman
Resources Committee
State Affairs Committee
Education Committee
Select Committee on Legislative
Ethics
Joint Armed Services Committee



Senator John Coghill

Session Address:
State Capitol, Room 119
Juneau, AK 99801-1182
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TO: Senator Mike Dunleavy, Chair
Senate State Affairs Committee

FROM: Senator John Coghill

A handwritten signature in blue ink, appearing to read "JBC", written over the printed name of Senator John Coghill.

DATE: February 9, 2017

SUBJECT: Request to Hear SB 48

I respectfully request a hearing for Senate Bill 48, "Insurance for Dependents of Deceased Fire/Police," at your convenience.

Attached to this memorandum:

- Current version of the bill
- Sponsor statement
- Sectional analysis
- Supporting documents

If you have any questions, please contact me or my staff Jordan Shilling at 465-5834.

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SENATE BILL 48

SPONSOR STATEMENT

Insurance for Dependents of Deceased Fire/Police
Version J

Senate Bill 48 provides for medical insurance coverage for eligible surviving dependents of a police officer or firefighter killed in the line of duty.

The bill establishes a fund to be administered by the Commissioner of the Department of Public Safety. The fund consists of a municipal employee account and a state employee account. Municipalities may elect to participate in the fund and bear the cost of the benefit.

Currently, surviving dependents may lose health insurance coverage following a line of duty death. This legislation is necessary to ensure that eligible surviving dependents continue to receive medical insurance coverage at the same level that existed at the time of death. I ask for your support.

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SENATE BILL 48 **SECTIONAL ANALYSIS**

Insurance for Dependents of Deceased Fire/Police
Version J

Section 1

Sec. 39.60.010 – Police officer and firefighter survivors' fund established.

The police officer and firefighter survivors' fund is established for the purpose of paying medical insurance premiums for an eligible surviving spouse or dependent child of a police officer or firefighter.

The Department of Public Safety shall create two separate accounts within the fund: a state employee account and a municipal employee account. The accounts can consist of legislative appropriations, private donations, and municipal contributions.

Sec. 39.60.020 – Powers and duties of the commissioner.

Annually, the Commissioner of the Department of Public Safety shall determine the amount of money necessary to pay premiums to eligible surviving dependents.

Sec. 39.60.030 – Payment authorized.

The Commissioner of the Department of Public Safety may use money in the fund to pay medical insurance premiums for eligible surviving dependents.

Sec. 39.60.040 – Eligibility of surviving dependents of police officers and firefighters for medical insurance premiums.

A surviving dependent may apply to the commissioner for payment of medical insurance premiums. The commissioner will make a determination of eligibility within 30 days of receiving the application.

A surviving dependent is eligible if:

- At the time of death, the police officer or firefighter was a year-round, permanent full-time employee of the state or municipality that has opted into this fund;
- At the time of death, the surviving dependent was receiving employer-sponsored medical insurance benefits;
- The proximate cause of the employee's death is a bodily injury sustained or a hazard undergone while in the performance and within the scope of the employee's duties; and
- The injury or hazard is not the proximate result of willful negligence by the employee.

A surviving spouse becomes ineligible upon becoming eligible to receive major medical insurance coverage by other means, or reaches 65 years of age – whichever comes first.

A surviving dependent child becomes ineligible upon becoming eligible to receive major medical insurance coverage by other means, or reaches 26 years of age – whichever comes first.

The commissioner shall pay the premium for the level of medical insurance coverage existing at the time of death, beginning the first month following the date the dependent applied to the fund. Payment of premiums will be made directly to the medical insurance provider.

Sec. 39.60.050 – Municipal election to participate in police officer and firefighter survivors' fund.

A municipality may elect to participate in the fund. The commissioner shall determine the amount and frequency of the municipality's required contributions to the fund, based on the anticipated cost. A surviving dependent is not eligible for payments unless the municipality opts into the fund.

Sec. 39.60.060 – Eligibility of municipal police officers and firefighters.

A surviving dependent of a police officer or firefighter who was employed by a municipality may be eligible for payment if immediately after the time of death the municipality elects to participate in the fund, and, at the time of death, the police officer or firefighter was receiving employer-sponsored medical insurance.

Sec. 39.60.070 – Terms of agreement by municipality to participate in fund.

An agreement between the commissioner and a municipality must include a requirement that the municipality contribute to the fund as needed, be current with contributions, and comply with all other rules and regulations.

Sec. 39.60.190 – Definitions.

Definitions for “child”, “commissioner”, “department”, “dependent”, “firefighter”, “fund”, “police officer”, and “surviving spouse”.

Section 2

AS 44.41.020 – Powers and duties of department (new subsection)

The Department of Public Safety shall manage and administer the fund in cooperation with the Department of Administration.

Section 3

Uncodified law

The commissioner of public safety may adopt regulations necessary to implement secs. 1 and 2 of this Act. The regulations take effect under the Administrative Procedure Act, but not before the effective date of sections 1 and 2.

Section 4

Effective date

Section 3 takes effect immediately.

Section 5

Effective date

Sections 1 and 2 take effect July 1, 2017.

SB 48:
Previous Legal and Policy Concerns with PERS Approach Compared to Current Fund Approach

Created by Department of Law
Assistant Attorneys General Cori Mills and Joan Wilkerson
February 9, 2017

1. The cost of providing a new benefit in the PERS system exceeds the cost of providing a payment through a needs-based fund, and could add to the PERS system's unfunded liability. Regardless of how many police officer and firefighter deaths actually occur, the amount to fund PERS would continue to rise according to the actuarial fiscal note.
2. The fund approach does not open the PERS Act. Opening the PERS Act creates a risk of unexpected amendments which may not be favorable to retirees and may fundamentally change the way PERS is administered.
3. The PERS is funded by the State and all participating municipalities through a cost share system that has a 22% funding cap. Municipalities are paying up to that cap and the State is currently paying costs exceeding the 22% cap. If the legislature increased or removed the cap, municipalities would have to pay for the cost of this benefit whether or not they lose a police officer or firefighter.
4. Any group not covered by PERS cannot receive the survivor medical payment because the IRS prohibits non-participants from benefiting from a pre-tax health trust funds, so including a non-covered group would jeopardize the tax-exempt status of PERS retiree plan.
5. Concerns were raised that the PERS retiree medical benefits do not meet the needs of young families. The plan does not cover preventive care such as immunizations, preventive screenings, sports physicals and other wellness examinations, which are offered by active employee plans.
6. Using the fund approach allows coverage of dependent children until they are 26, while the PERS retiree medical plan ends coverage for dependent children at age 19 or up to age 23 if the child is enrolled full time in an institution of higher education.
7. Offering this benefit through PERS would condition medical benefit coverage of surviving children on whether the surviving child is dependent upon the surviving spouse. If there was a child but not a spouse at time of death, the child would not be covered. AS 39.30.400. Although the PERS statute could possibly be amended to address this, it could have unintended consequences or be more expansive than desired, resulting in a larger fiscal note. The present bill does not have a similar restriction.

Provided by the Division of Retirement and Benefits

State Employee Life, Accident and Disability Coverage

This document provides a brief summary of the benefits offered to State of Alaska and participating political subdivision employees.

Basic Life/AD&D—employer paid, state only

- \$10,000 lump sum for Supervisory, confidential, Partially Exempt, Exempt and General Government employees.
- \$2,000 lump sum for all other bargaining units

Travel Accident—employer paid, state only

- \$200,000 if death occurs accidentally while in travel status for Supervisory, Confidential, Partially Exempt, Exempt and General Government employees. Also includes coverage for the Governor, Lieutenant Governor, Legislators and members of Boards and Commissions.
- \$100,000 if death occurs while in travel status for all other employees

Select Life-optional—employee paid, post-tax, state only

Pays annual salary rounded up to the nearest \$1,000 updated each January in the event of death, regardless of cause.

- Pays up to \$100,000 for Supervisory and Confidential Unit employees; and
- up to \$60,000 for all others.

Voluntary Supplemental Benefits—pre-tax, employee paid, state and participating political subdivisions

Life insurance

Life insurance is available in the following volumes:

- \$10,000
- \$50,000
- \$100,000
- \$200,000 (requires evidence of insurability)
- \$300,000 (requires evidence of insurability)

Accidental Death and Dismemberment

\$100,000 limit for employee only or employee and family coverage. Accidental dismemberment benefits are based on the type of dismemberment.

Survivor Benefits (No longer offered 1/1/2017)

Survivor benefits pay a monthly benefit to the survivor for a period certain. If employees enroll in Survivor Benefits, they cannot enroll in more than \$10,000 of life insurance.

<i>Available Payout Period</i>	<i>Monthly Benefits</i>
5 years	\$765
10 years	\$455
15 years	\$360
20 years	\$315
25 years	\$290
30 years	\$275

Peace Officer/Firefighter Occupational Death Benefits

PERS Tier I, II & III - PERS P/F Occupational Death Benefits

The monthly survivor pension benefit is equal to the greater of 50% of the employee's gross monthly compensation at the time of death or termination of employment due to occupational disability or 75% of the normal retirement benefit they would have earned had they retired. At the member's normal retirement date (by age or service) the benefit changes. The benefit will then be paid as if the member had worked until normal retirement.

Tier I survivors, survivors who are age 60 or older (tier III –the member must have had at least 10 years PERS service), and survivors of members who had 25 years of P/F service are entitled to system-paid medical benefits. All others could participate, but must pay a premium

PERS Tier IV - PERS P/F Occupational Disability Benefits

The monthly survivor benefit is equal to 50% of the employee's gross monthly compensation immediately before death. Service continues to accrue until member would have reached normal retirement based on service (25 years) or age (65). At that time survivor will receive the balance of the survivor account established in the occupational death fund plus investment gains or losses, less expenses, earned over the period invested.

The surviving spouse is eligible to elect retiree medical benefits at the time the member would have reached normal retirement based on service or age. Once eligible for medical benefits, the surviving spouse would receive a premium subsidy based on the members accrued years of service at the time they would have been eligible for Medicare had they lived.

All Other Occupational Death Benefits

PERS Tier I, II & III - PERS All other Occupational Death Benefits

The monthly survivor pension benefit is equal to the greater of 40% of the employee's gross monthly compensation at the time of death or termination of employment due to occupational disability. At the member's normal retirement date (by age or service) the benefit changes. The benefit will then be paid as if the member had worked until normal retirement.

Tier I survivors, survivors who are age 60 or older (tier III –the member must have had at least 10 years PERS service), and survivors of members who had 30 years of service are entitled to system-paid medical benefits. All others could participate, but must pay a premium

PERS Tier IV - PERS All other Occupational Death Benefits

The monthly survivor pension benefit is equal to 40% of the employee's gross monthly compensation at the time of death or termination of employment due to occupational disability. Service continues to accrue until member would have reached normal retirement based on service (30 years) or age (65). At that time survivor will receive the balance of the survivor account established in the occupational death fund plus investment gains or losses, less expenses, earned over the period invested.

The surviving spouse is eligible to elect retiree medical benefits at the time the member would have reached normal retirement based on service or age. Once eligible for medical benefits, the surviving spouse would receive a premium subsidy based on the members accrued years of service at the time they would have been eligible for Medicare had they lived.

30-LS0108\U
Wayne
3/7/17

CS FOR SENATE BILL NO. 48(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE STATE AFFAIRS COMMITTEE

Offered:

Referred:

Sponsor(s): SENATORS COGHILL, Giessel, Stevens, Micciche, Gardner, Hughes, Begich, Olson, Wilson, Meyer, Kelly, Bishop

A BILL

FOR AN ACT ENTITLED

1 **"An Act creating a fund in the Department of Public Safety; providing for payment of**
2 **certain major medical insurance premiums for surviving dependents of certain peace**
3 **officers or firefighters who die in the line of duty; and providing for an effective date."**

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

5 *** Section 1.** AS 39 is amended by adding a new chapter to read:

6 **Chapter 60. Peace Officer and Firefighter Survivors' Fund.**

7 **Sec. 39.60.010. Peace officer and firefighter survivors' fund established. (a)**

8 The peace officer and firefighter survivors' fund is established in the general fund for
9 the purpose of paying major medical insurance premiums for an eligible surviving
10 spouse or dependent child of a peace officer or a firefighter. The department may
11 make premium payments from the fund to the major medical insurance provider for
12 the former employer of the deceased peace officer or firefighter.

13 (b) The department shall create the following two separate accounts in the
14 fund:

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- (1) a state employee survivor account that consists of
 - (A) appropriations to the account;
 - (B) donations to the account; and
- (2) a municipal employee survivor account that consists of
 - (A) municipal contributions under AS 39.60.060;
 - (B) appropriations to the account; and
 - (C) donations to the account.

(c) The legislature may appropriate money to the fund. Money in the fund does not lapse.

(d) Money appropriated to the fund may be spent for purposes of the fund without further appropriation.

(e) Nothing in this section creates a dedicated fund.

Sec. 39.60.020. Powers and duties of the commissioner. (a) Annually, not later than December 15, the commissioner shall determine the amount of money sufficient to pay premiums under AS 39.60.030 and the associated administrative costs.

(b) The commissioner shall adopt regulations to implement this chapter.

Sec. 39.60.030. Payment authorized. The commissioner may use money in the fund to pay major medical insurance premiums for a surviving dependent who is eligible under AS 39.60.040 and to pay the department's costs associated with administering the fund. The state employee survivor account and the municipal employee survivor account shall be used to pay premiums for the respective surviving dependents.

Sec. 39.60.040. Eligibility of surviving dependents of peace officers and firefighters for major medical insurance premiums. (a) A surviving dependent of a deceased peace officer or firefighter may apply to the commissioner for payment of major medical insurance premiums for a surviving dependent under AS 39.60.030. Within the first 30 days after the death of the peace officer or firefighter, the surviving dependent is presumed to be eligible to receive the premium payment. Not later than 30 days after receiving the application, the commissioner shall determine whether the surviving dependent is eligible under (b) of this section. If the commissioner

1 determines the surviving dependent is eligible under (b) of this section, the
2 commissioner shall thereafter determine annually, not later than 30 days before the
3 anniversary of the employee's death, whether the surviving dependent has become
4 ineligible under (c) or (d) of this section or AS 39.60.060(b). The commissioner may
5 require a surviving dependent to provide information relevant to a determination under
6 this subsection.

7 (b) A person who is a surviving dependent of an employee who was a peace
8 officer or firefighter is eligible for premium payments under (a) of this section if

9 (1) on the date of the employee's death, the employee was employed
10 by the state or a municipality that has elected to participate under AS 39.60.050, in a
11 permanent, full-time position for which the state or municipality paid or expected to
12 pay the employee for 12 months each year;

13 (2) on the date of the employee's death, the surviving dependent was
14 eligible for benefits under the employee's employer-sponsored major medical
15 insurance coverage;

16 (3) the proximate cause of the employee's death was a bodily injury
17 sustained or a hazard undergone while in the performance and within the scope of the
18 employee's duties; and

19 (4) the injury or hazard was not the proximate result of wilful
20 negligence by the employee.

21 (c) A surviving spouse becomes permanently ineligible for premium payments
22 under this section on the earlier of the date the surviving spouse

23 (1) has received the premium payments for 10 years;

24 (2) becomes eligible to receive major medical insurance coverage by
25 other means; or

26 (3) reaches 65 years of age.

27 (d) Except for a child who is totally and permanently disabled, a child who
28 survives the employee becomes permanently ineligible for premium payments under
29 this section on the earlier of the date the surviving dependent child

30 (1) becomes eligible to receive major medical insurance coverage by
31 other means; or

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(2) reaches 26 years of age.

(e) Subject to AS 39.60.060(b), the commissioner shall pay the premium for the level of major medical insurance coverage existing on the date of the employee's death, beginning the first day of the month following the application process and continuing until the first day of the month following the date the commissioner determines the surviving dependent is ineligible under (c) or (d) of this section. Payment of premiums shall be made to the applicable employer major medical insurance provider.

Sec. 39.60.050. Municipal election to participate in peace officer and firefighter survivors' fund. (a) A municipality may elect to participate in the fund by entering into an agreement with the commissioner that is consistent with AS 39.60.070. If a municipality elects to participate in the fund, the commissioner shall determine the amount and frequency of the municipality's required contributions to the fund based on the anticipated cost of the municipality's participation, including the department's cost of administering the agreement under this subsection.

(b) The commissioner shall administer agreements entered into under (a) of this section.

(c) A surviving dependent of a peace officer or firefighter who died while employed by a municipality is not eligible for payments from the fund unless the municipality elects to participate in the fund and is in compliance with an agreement entered into under (a) of this section.

Sec. 39.60.060. Eligibility of municipal peace officers and firefighters. (a) Notwithstanding AS 39.60.050(c), and subject to AS 39.60.040(b), the commissioner may determine that a surviving dependent of a peace officer or firefighter who was employed by a municipality is eligible for premium payments under AS 39.60.040(a), if the municipality elects to participate in the fund and is in compliance with the terms of an agreement entered into under AS 39.60.050(a).

(b) If a municipality enters into an agreement under AS 39.60.050(a) and fails to meet a requirement of that agreement, including a requirement under AS 39.60.070, the commissioner may determine that a surviving dependent of a peace officer or firefighter employed by a municipality who would otherwise be eligible for payments

1 from the fund under AS 39.60.040 is ineligible and deny payment from the fund until
2 the commissioner determines all requirements of the agreement are satisfied.

3 **Sec. 39.60.070. Terms of agreement by municipality to participate in fund.**

4 An agreement under AS 39.60.050(a) for a municipality to participate in the fund must
5 require that the municipality

6 (1) contribute to the fund as determined by the commissioner under
7 AS 39.60.050(a);

8 (2) is current with contributions required under this section; and

9 (3) complies with applicable regulations adopted by the commissioner.

10 **Sec. 39.60.190. Definitions.** In this chapter,

11 (1) "child" means a biological child, adopted child, or stepchild of an
12 employee;

13 (2) "commissioner" means the commissioner of public safety or the
14 commissioner's designee;

15 (3) "department" means the Department of Public Safety;

16 (4) "dependent" means a surviving spouse or child of an employee;

17 (5) "firefighter" means an employee of the state or a municipality
18 whose primary duty is to perform fire suppression services;

19 (6) "fund" means the peace officer and firefighter survivors' fund
20 established in AS 39.60.010;

21 (7) "peace officer" means

22 (A) an employee of the state or a municipal police department
23 with the authority to arrest and issue citations; detain a person taken into
24 custody until that person can be arraigned before a judge or magistrate;
25 conduct investigations of violations of and enforce criminal laws, regulations,
26 and traffic laws; search with or without a warrant persons, dwellings, and other
27 forms of property for evidence of a crime; and take other action consistent with
28 exercise of these enumerated powers when necessary to maintain the public
29 peace;

30 (B) an officer or employee of the Department of Transportation
31 and Public Facilities who is stationed at an international airport and has been

1 designated to have the general police powers authorized under
2 AS 02.15.230(a);

3 (C) a University of Alaska public safety officer with general
4 police powers authorized under AS 14.40.043;

5 (D) a person appointed by the commissioner of corrections or
6 employed by a correctional facility in this state to perform the duties of a
7 probation officer under AS 33.05;

8 (E) a person appointed by the commissioner of corrections,
9 whose primary duty under AS 33.30 is to provide custody, care, security,
10 control, and discipline of persons charged or convicted of offenses against the
11 state or held under authority of state law;

12 (F) a person employed in a correctional facility in the state,
13 whose primary duty is to provide custody, care, security, control, and
14 discipline of persons charged or convicted of offenses or held under authority
15 of law;

16 (8) "surviving spouse" means a person who was married to an
17 employee at the time of the employee's death.

18 * **Sec. 2.** AS 44.41.020 is amended by adding a new subsection to read:

19 (g) The Department of Public Safety shall manage and administer the peace
20 officer and firefighter survivors' fund established in AS 39.60.010 in cooperation with
21 the Department of Administration. The Department of Public Safety shall establish
22 standardized procedures and forms for use in administering the peace officer and
23 firefighter survivors' fund.

24 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
25 read:

26 TRANSITION: REGULATIONS. The commissioner of public safety may adopt
27 regulations necessary to implement secs. 1 and 2 of this Act. The regulations take effect under
28 AS 44.62 (Administrative Procedure Act), but not before the effective date of secs. 1 and 2 of
29 this Act.

30 * **Sec. 4.** Section 3 of this Act takes effect immediately under AS 01.10.070(c).

31 * **Sec. 5.** Except as provided in sec. 4 of this Act, this Act takes effect July 1, 2017.

30-LS0108\O

Wayne

3/2/17

CS FOR SENATE BILL NO. 48(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE STATE AFFAIRS COMMITTEE

Offered:

Referred:

Sponsor(s): SENATORS COGHILL, Giessel, Stevens, Micciche, Gardner, Hughes, Begich, Olson, Wilson, Meyer, Kelly

A BILL

FOR AN ACT ENTITLED

1 **"An Act creating a fund in the Department of Public Safety; providing for payment of**
2 **certain major medical insurance premiums for surviving dependents of certain peace**
3 **officers or firefighters who die in the line of duty; and providing for an effective date."**

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

5 *** Section 1.** AS 39 is amended by adding a new chapter to read:

6 **Chapter 60. Peace Officer and Firefighter Survivors' Fund.**

7 **Sec. 39.60.010. Peace officer and firefighter survivors' fund established. (a)**

8 The peace officer and firefighter survivors' fund is established in the general fund for
9 the purpose of paying major medical insurance premiums for an eligible surviving
10 spouse or dependent child of a peace officer or a firefighter. The department may
11 make premium payments from the fund to the major medical insurance provider for
12 the former employer of the deceased peace officer or firefighter.

13 (b) The department shall create the following two separate accounts in the
14 fund:

1 (1) a state employee survivor account that consists of

2 (A) appropriations to the account;

3 (B) donations to the account; and

4 (2) a municipal employee survivor account that consists of

5 (A) municipal contributions under AS 39.60.060;

6 (B) appropriations to the account; and

7 (C) donations to the account.

8 (c) The legislature may appropriate money to the fund. Money in the fund
9 does not lapse.

10 (d) Money appropriated to the fund may be spent for purposes of the fund
11 without further appropriation.

12 (e) Nothing in this section creates a dedicated fund.

13 **Sec. 39.60.020. Powers and duties of the commissioner.** (a) Annually, not
14 later than December 15, the commissioner shall determine the amount of money
15 sufficient to pay premiums under AS 39.60.030 and the associated administrative
16 costs.

17 (b) The commissioner shall adopt regulations to implement this chapter.

18 **Sec. 39.60.030. Payment authorized.** The commissioner may use money in
19 the fund to pay major medical insurance premiums for a surviving dependent who is
20 eligible under AS 39.60.040 and to pay the department's costs associated with
21 administering the fund. The state employee survivor account and the municipal
22 employee survivor account shall be used to pay premiums for the respective surviving
23 dependents.

24 **Sec. 39.60.040. Eligibility of surviving dependents of peace officers and**
25 **firefighters for major medical insurance premiums.** (a) Not later than 30 days after
26 the date of death of a peace officer or firefighter, the commissioner shall determine
27 whether the surviving dependent is eligible under (b) of this section for payment of
28 major medical insurance premiums for a surviving dependent under AS 39.60.030. If
29 the commissioner determines the surviving dependent is eligible under (b) of this
30 section, the commissioner shall thereafter determine annually, not later than 30 days
31 before the anniversary of the employee's death, whether the surviving dependent has

1 become ineligible under (c) or (d) of this section or AS 39.60.060(b). The
2 commissioner may require a surviving dependent to provide information relevant to a
3 determination under this subsection.

4 (b) A person who is a surviving dependent of an employee who was a peace
5 officer or firefighter is eligible for premium payments under (a) of this section if

6 (1) on the date of the employee's death, the employee was employed
7 by the state or a municipality that has elected to participate under AS 39.60.050, in a
8 permanent, full-time position for which the state or municipality paid or expected to
9 pay the employee for 12 months each year;

10 (2) on the date of the employee's death, the surviving dependent was
11 eligible for benefits under the employee's employer-sponsored major medical
12 insurance coverage;

13 (3) the proximate cause of the employee's death was a bodily injury
14 sustained or a hazard undergone while in the performance and within the scope of the
15 employee's duties; and

16 (4) the injury or hazard was not the proximate result of wilful
17 negligence by the employee.

18 (c) A surviving spouse becomes permanently ineligible for premium payments
19 under this section on the earlier of the date the surviving spouse

20 (1) has received the premium payments for 10 years;

21 (2) becomes eligible to receive major medical insurance coverage by
22 other means; or

23 (3) reaches 65 years of age.

24 (d) Except for a child who is totally and permanently disabled, a child who
25 survives the employee becomes permanently ineligible for premium payments under
26 this section on the earlier of the date the surviving dependent child

27 (1) becomes eligible to receive major medical insurance coverage by
28 other means; or

29 (2) reaches 26 years of age.

30 (e) Subject to AS 39.60.060(b), the commissioner shall pay the premium for
31 the level of major medical insurance coverage existing on the date of the employee's

1 death, beginning the first day of the month following the date of the employee's death
2 and ending the first day of the month following the date the commissioner determines
3 the surviving dependent is ineligible under (c) or (d) of this section. Payment of
4 premiums shall be made to the applicable employer major medical insurance provider.

5 **Sec. 39.60.050. Municipal election to participate in peace officer and**
6 **firefighter survivors' fund.** (a) A municipality may elect to participate in the fund by
7 entering into an agreement with the commissioner that is consistent with
8 AS 39.60.070. If a municipality elects to participate in the fund, the commissioner
9 shall determine the amount and frequency of the municipality's required contributions
10 to the fund based on the anticipated cost of the municipality's participation, including
11 the department's cost of administering the agreement under this subsection.

12 (b) The commissioner shall administer agreements entered into under (a) of
13 this section.

14 (c) A surviving dependent of a peace officer or firefighter who died while
15 employed by a municipality is not eligible for payments from the fund unless the
16 municipality elects to participate in the fund and is in compliance with an agreement
17 entered into under (a) of this section.

18 **Sec. 39.60.060. Eligibility of municipal peace officers and firefighters.** (a)
19 Notwithstanding AS 39.60.050(c), and subject to AS 39.60.040(b), the commissioner
20 may determine that a surviving dependent of a peace officer or firefighter who was
21 employed by a municipality is eligible for premium payments under AS 39.60.040(a),
22 if the municipality elects to participate in the fund and is in compliance with the terms
23 of an agreement entered into under AS 39.60.050(a).

24 (b) If a municipality enters into an agreement under AS 39.60.050(a) and fails
25 to meet a requirement of that agreement, including a requirement under AS 39.60.070,
26 the commissioner may determine that a surviving dependent of a peace officer or
27 firefighter employed by a municipality who would otherwise be eligible for payments
28 from the fund under AS 39.60.040 is ineligible and deny payment from the fund until
29 the commissioner determines all requirements of the agreement are satisfied.

30 **Sec. 39.60.070. Terms of agreement by municipality to participate in fund.**
31 An agreement under AS 39.60.050(a) for a municipality to participate in the fund must

1 require that the municipality

2 (1) contribute to the fund as determined by the commissioner under
3 AS 39.60.050(a);

4 (2) is current with contributions required under this section; and

5 (3) complies with applicable regulations adopted by the commissioner.

6 **Sec. 39.60.190. Definitions.** In this chapter,

7 (1) "child" means a biological child, adopted child, or stepchild of an
8 employee;

9 (2) "commissioner" means the commissioner of public safety or the
10 commissioner's designee;

11 (3) "department" means the Department of Public Safety;

12 (4) "dependent" means a surviving spouse or child of an employee;

13 (5) "firefighter" means an employee of the state or a municipality
14 whose primary duty is to perform fire suppression services;

15 (6) "fund" means the peace officer and firefighter survivors' fund
16 established in AS 39.60.010;

17 (7) "peace officer" means

18 (A) an employee of the state or a municipal police department
19 with the authority to arrest and issue citations; detain a person taken into
20 custody until that person can be arraigned before a judge or magistrate;
21 conduct investigations of violations of and enforce criminal laws, regulations,
22 and traffic laws; search with or without a warrant persons, dwellings, and other
23 forms of property for evidence of a crime; and take other action consistent with
24 exercise of these enumerated powers when necessary to maintain the public
25 peace;

26 (B) an officer or employee of the Department of Transportation
27 and Public Facilities who is stationed at an international airport and has been
28 designated to have the general police powers authorized under
29 AS 02.15.230(a);

30 (C) a University of Alaska public safety officer with general
31 police powers authorized under AS 14.40.043;

1 (D) a person appointed by the commissioner of corrections or
 2 employed by a correctional facility in this state to perform the duties of a
 3 probation officer under AS 33.05;

4 (E) a person appointed by the commissioner of corrections,
 5 whose primary duty under AS 33.30 is to provide custody, care, security,
 6 control, and discipline of persons charged or convicted of offenses against the
 7 state or held under authority of state law;

8 (F) a person employed in a correctional facility in the state,
 9 whose primary duty is to provide custody, care, security, control, and
 10 discipline of persons charged or convicted of offenses or held under authority
 11 of law;

12 (8) "surviving spouse" means the spouse of an employee who was
 13 married to an employee at the time of the employee's death.

14 * **Sec. 2.** AS 44.41.020 is amended by adding a new subsection to read:

15 (g) The Department of Public Safety shall manage and administer the peace
 16 officer and firefighter survivors' fund established in AS 39.60.010 in cooperation with
 17 the Department of Administration. The Department of Public Safety shall establish
 18 standardized procedures and forms for use in administering the peace officer and
 19 firefighter survivors' fund.

20 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
 21 read:

22 TRANSITION: REGULATIONS. The commissioner of public safety may adopt
 23 regulations necessary to implement secs. 1 and 2 of this Act. The regulations take effect under
 24 AS 44.62 (Administrative Procedure Act), but not before the effective date of secs. 1 and 2 of
 25 this Act.

26 * **Sec. 4.** Section 3 of this Act takes effect immediately under AS 01.10.070(c).

27 * **Sec. 5.** Except as provided in sec. 4 of this Act, this Act takes effect July 1, 2017.

ALASKA STATE LEGISLATURE

SENATE STATE AFFAIRS COMMITTEE

Senator Mike Dunleavy, Chair
State Capitol, Room 11
Juneau, AK 99801-1182
Phone (907) 465-6308
Senator.Mike.Dunleavy@akleg.gov



Members:
Sen. Cathy Giessel
Sen. John Coghill
Sen. David Wilson
Sen. Dennis Egan

Official Business

Senate Bill 48

Summary of Changes

SB 48\J to SB 48\O

Committee Substitute (STA) Work Draft

Prepared by the Senate State Affairs Committee 3/2/2017

1. Changes "police officer" to "peace officer" throughout the bill in order to extend the benefits within this legislation to include probation and correctional officers
2. Consistently uses the term "major medical" throughout the bill
3. Sec. 39.60.020: Changes the annual deadline for the commissioner to determine the amount of money sufficient to pay premiums to December 15th
4. Sec. 39.60.040:
 - a. Eliminates the gap in coverage by removing the requirement for the surviving dependent to submit an application. After the date of death of a peace officer or firefighter the commissioner will have thirty days to determine continued eligibility.
 - b. Requires annual determination of continued eligibility by the commissioner. The commissioner may require a surviving dependent to provide relevant information in order to make the determination.
 - c. Clarifies the term "year-round" by replacing it with "a full-time position for which the state or municipality paid or expected to pay the employee for 12 months each year."
 - d. Establishes that a surviving spouse becomes "permanently" ineligible for premium payments upon receiving ten years of premium payments, becoming eligible to receive major medical insurance or reaching the age of sixty-five, whichever comes first.

5. Sec. 39.60.050: Removes the word “immediately” to clarify that the municipality may elect to participate in the fund at any time.
6. Sec. 39.60.190:
 - a. Expands upon the definition of “firefighter” to be an employee of the state or municipality whose primary duty is to preform fire suppression services.
 - b. Replaces the definition of “police officer” with a new definition for “peace officer.

Re: Senate Bill 48, "An Act creating a fund in the Department of Public Safety; providing for payment of certain medical insurance premiums for surviving dependents of certain police officers or firefighters who die in the line of duty; and providing for an effective date."

Chairman and members of the committee,

For the record, my name is Brandy Johnson. I am testifying in support of SB 48 on behalf of myself, my three daughters, my deceased husband, Scott Johnson, surviving families of past and future line of duty death state troopers as well as law enforcement officers in the state of Alaska.

On May 1st, 2014, my husband, Scott Johnson and Gabe Rich were murdered while in the performance of their job in Tanana, Alaska.

Scott's job was that of a Sgt. with the Alaska State Troopers. He had worked as a state trooper for over 21 years with a total of over 23 years vested in the Public Employees Retirement System (PERS). He could have retired with 20 years of service. However, Scott and I decided he should work another 5 years to gain the medical benefits for our family at the 25 year mark as a Tier II employee. It was while trying to obtain this promised benefit goal that Scott was ambushed and killed. Scott would have retired this past October with major medical benefits for himself and our family.

I had asked the state troopers assisting me after Scott was killed if my family still had health insurance. I initially was told I was set for life by one Lieutenant. However, that was not the case. I was later told that my family's benefits would expire at the end of the month. I was disappointed and angry. My choices were to pay \$1,150 per month for the retirement major medical health care that we would have received in a year and a half at no cost as a retirement benefit or \$1,700 for full coverage COBRA.

What is frustrating, is that the person who shot my husband to death and his father who desecrated my husband's dead body, while incarcerated, have medical care available at no cost to them as their families also have free health care.

I felt Scott's last three years of service were all for nothing.

Scott always took his responsibilities very seriously to protect the people of Alaska. I had believed upon his death, the State would also take responsibility to now take care of his family. Graciously, the State of Alaska has these past two and a half years until the gap in law could be resolved.

Our family has paid the price for this benefit. We have paid into the PERS retirement system, we have paid with the endless callouts. Whether it be a K9, S.E.R.T or one of the many other

specialized emergency responses Scott was involved with. This is called, to give of yourself for the sake of others.

I am here today asking for your support of SB 48. This bill is more than what I have advocated the legislature for as a health benefit. This bill provides full coverage health insurance that takes care of young surviving families that need well child check ups. The retirement health care plan was not a long term solution. It was a "band-aide" so to say and a safety net in case of a major medical emergency.

SB 48 will ensure that another surviving spouse does not have to experience what I have. They will have the assurance that their children will be taken care of if there was a health emergency.

I would like to state my concern over one word in the legislation. The word is, "may" on page 3, line 27. As a surviving spouse, I wouldn't want to hear "may elect to participate". I have been left wondering about so much in regards to life. By changing one word to "shall" would provide a great sense of security and comfort to past and future surviving spouses.

Thank you for your time and your consideration of this important legislation.

Sincerely,
Brandy Johnson



CITY OF FAIRBANKS

Jim Matherly, Mayor

800 CUSHMAN STREET

FAIRBANKS, ALASKA 99701-4615

OFFICE: 907-459-6793

FAX: 907-459-6787

jmatherly@fairbanks.us

March 2, 2017

**The Honorable John Coghill
State Senate
Alaska State Capitol
Juneau, AK 99801-1182**

Re: Support for municipal option in SB48 - Insurance for Dependents of Deceased Fire/Police

Dear Senator Coghill:

The City of Fairbanks wishes to extend its appreciation to you for introducing SB48. Specifically, we applaud the provision giving municipalities the option of participating in the State's proposed program while avoiding the possibility of another unfunded state mandate.

In October 2016, the City of Fairbanks lost hero Sgt. Allen Brandt who was shot in the line of duty and later died from his injuries. Sgt. Brandt left behind a wife and four children ranging in age from two to eight years old.

The City supports extending health insurance coverage to the survivors of police and firefighters who die from work-related injuries, and has made it a priority to cover the health care costs for Sgt. Brandt's family. However, the City does not support the state imposing a one-size-fits-all premium payment requirement on all municipalities. Unilaterally usurping local control removes flexibility and prevents local officials from determining the most appropriate course of action to meet the needs of their communities.

We appreciate your attention to this sensitive and emotional issue. Your continued support for SB48's optional provision will allow the City of Fairbanks to consider this program alongside other programs that could be more advantageous to the families of our fallen heroes.

Sincerely,

**Jim Matherly, Mayor
City of Fairbanks**



**GENERAL
TEAMSTERS
LOCAL 959
STATE OF ALASKA**

Affiliated with the International Brotherhood of Teamsters

Rick Boyles, Secretary-Treasurer

520 E. 34th Ave., Suite 102, Anchorage, Alaska 99503

Phone (907) 751-8501 • Fax (907) 751-8599

February 14, 2017

Honorable Mike Dunleavy
Chair Senate State Affairs
State Capitol
Juneau, AK 99801

Re: SB 48 Insurance for Dependents of Deceased Fire/Police

Dear Senator Dunleavy:

On behalf of the men and women police officers that Teamsters Local 959 represents at the Wasilla Police Department in addition to the members at the Kodiak Police Department who recently filed a petition to be represented by the Teamsters Local 959, we strongly support SB 48 which will provide health insurance for those left behind.

Our police officers are expected everyday to protect and serve the citizens in their communities. These men and women do so without question. On the rare occasion that a police officer is killed in the line of duty, we believe their families should not be forgotten. The loss of an officer is devastating for the families that they leave behind. The men, women and children suffer a major life change. The survivors left behind should not be further burdened with the question of where their medical insurance is to come from.

The State and or local Municipalities have a responsibility to the families of those fallen police officers in their time of loss and suffering to provide health insurance. SB 48 will provide some comfort to those families left behind.

In summary, we thank you for hearing this very important bill and ask the support of you and your committee members.

Sincerely

TEAMSTERS LOCAL 959

**Rick Boyles
Secretary-Treasurer**

c: Senator Bishop, Hoffman, MacKinnon, Stedman, Gardner

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: SB 48
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB048-DPS-ADM-02-15-17
Title: INS. FOR DEPENDS. OF DECEASED
FIRE/POLICE
Sponsor: COGHILL
Requester: (S) STA

Department: Department of Public Safety
Appropriation: Statewide Support
Allocation: Administrative Services
OMB Component Number: 525

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits	70.1		70.1	70.1	70.1	70.1	70.1
Miscellaneous							
Total Operating	70.1	0.0	70.1	70.1	70.1	70.1	70.1

Fund Source (Operating Only)

1004 Gen Fund (UGF)	70.1		70.1	70.1	70.1	70.1	70.1
Total	70.1	0.0	70.1	70.1	70.1	70.1	70.1

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 09/01/18

Why this fiscal note differs from previous version:

Adjusted to reflect the full cost of medical insurance premiums under the Public Safety Employee's Association (PSEA) Health Trust.

Prepared By: <u>Kelly Howell</u>	Phone: <u>(907)465-4336</u>
Division: <u>Administrative Services</u>	Date: <u>02/15/2017 06:30 PM</u>
Approved By: <u>Walt Monegan</u>	Date: <u>02/15/17</u>
Agency: <u>Public Safety</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. SB 48

Analysis

This bill establishes the Police Officer and Firefighter Survivors' Fund in the Department of Public Safety (DPS) under AS 39.60 for the purpose of paying medical insurance premiums on behalf of eligible surviving dependents of a police officer or firefighter who dies in the line of duty.

The fund consists of two accounts: a state employee survivor account funded through appropriations and donations; and a municipal employee survivor account funded through contributions from municipalities electing to participate in the fund, appropriations, and donations. The fund would be administered by DPS which includes receiving applications, determining eligibility, and issuing payments to medical insurance providers.

DPS currently pays the medical insurance premiums for three state employee survivor families who would be eligible under this bill. Based on the full cost of the medical insurance premium under the Public Safety Employee's Association (PSEA) Health Trust, the annual cost would be \$23,372 per survivor family per year which would be paid from the state employee survivor account. This analysis does not include costs for eligible surviving dependents of municipal police officers or firefighters as DPS does not have access to that information.

DPS can absorb the work associated with administering the fund assuming the number of surviving dependents eligible under the fund remains low. Should the number of surviving dependents eligible under the fund increase, additional staffing may be needed to effectively perform this work in a timely manner.

The bill also directs DPS to adopt regulations to implement the new provisions established by the bill. The regulations process would begin immediately upon passage of this bill and would be expected to be adopted no later than September 1, 2018.

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: SB 48
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB048-DPS-ADM-02-10-17
Title: INS. FOR DEPENDS. OF DECEASED
FIRE/POLICE
Sponsor: COGHILL
Requester: (S) STA

Department: Department of Public Safety
Appropriation: Statewide Support
Allocation: Administrative Services
OMB Component Number: 525

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2018 Appropriation Requested	Included in Governor's FY2018 Request	Out-Year Cost Estimates					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits	56.0		56.0	56.0	56.0	56.0	56.0	56.0
Miscellaneous								
Total Operating	56.0	0.0	56.0	56.0	56.0	56.0	56.0	56.0

Fund Source (Operating Only)

1004 Gen Fund (UGF)	56.0		56.0	56.0	56.0	56.0	56.0	56.0
Total	56.0	0.0	56.0	56.0	56.0	56.0	56.0	56.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 (separate supplemental appropriation required)

(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 0.0 (separate capital appropriation required)

(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 09/01/18

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By: <u>Kelly Howell</u>	Phone: <u>(907)465-4336</u>
Division: <u>Administrative Services</u>	Date: <u>02/10/2017 02:45 PM</u>
Approved By: <u>Walt Monegan</u>	Date: <u>02/10/17</u>
Agency: <u>Public Safety</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. SB 48

Analysis

This bill establishes the Police Officer and Firefighter Survivors' Fund in the Department of Public Safety (DPS) under AS 39.60 for the purpose of paying medical insurance premiums on behalf of eligible surviving dependents of a police officer or firefighter who dies in the line of duty.

The fund consists of two accounts: a state employee survivor account funded through appropriations and donations; and a municipal employee survivor account funded through contributions from municipalities electing to participate in the fund, appropriations, and donations. The fund would be administered by DPS which includes receiving applications, determining eligibility, and issuing payments to medical insurance providers.

DPS currently pays the medical insurance premiums for three state employee survivor families who would be eligible under this bill at an annual cost of \$48,078. Based on the FY2018 budgeted annual cost for employee health insurance premiums, this amount would be approximately \$55,980 or \$18,660 per survivor family per year which would be paid from the state employee survivor account. This analysis does not include costs for eligible surviving dependents of municipal police officers or firefighters as DPS does not have access to that information.

DPS can absorb the work associated with administering the fund assuming the number of surviving dependents eligible under the fund remains low. Should the number of surviving dependents eligible under the fund increase, additional staffing may be needed to effectively perform this work in a timely manner.

The bill also directs DPS to adopt regulations to implement the new provisions established by the bill. The regulations process would begin immediately upon passage of this bill and would be expected to be adopted no later than September 1, 2018.

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: SB 48
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB048-DOA-DRB-02-10-17
Title: INS. FOR DEPENDS. OF DECEASED
FIRE/POLICE
Sponsor: COGHILL
Requester: (S) STA

Department: Department of Administration
Appropriation: Centralized Administrative Services
Allocation: Retirement and Benefits
OMB Component Number: 64

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2018 Appropriation Requested	Included in Governor's FY2018 Request	Out-Year Cost Estimates					
			FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable; initial version.

Prepared By: Michele Michaud, Chief Health Official
Division: Retirement and Benefits
Approved By: Sheldon Fisher, Commissioner
Agency: Department of Administration

Phone: (907)465-3225
Date: 02/10/2017 12:00 PM
Date: 02/10/17

FISCAL NOTE ANALYSIS

**STATE OF ALASKA
2017 LEGISLATIVE SESSION**

BILL NO. SB 48

Analysis

This legislation would provide a funding mechanism to pay medical premiums to continue health insurance coverage for the surviving spouse and dependent children of State of Alaska and municipality police officer or firefighter employees killed in the line of duty. This legislation would specifically impact surviving spouse and dependent children whose only coverage was that provided by the deceased police officer or firefighter.

The bill provides that the Department of Public Safety shall manage and administer the police officer and firefighter survivors' fund in cooperation with the Department of Administration. The costs associated with this would be minimal and absorbed in the cost of normal business for the Department.