

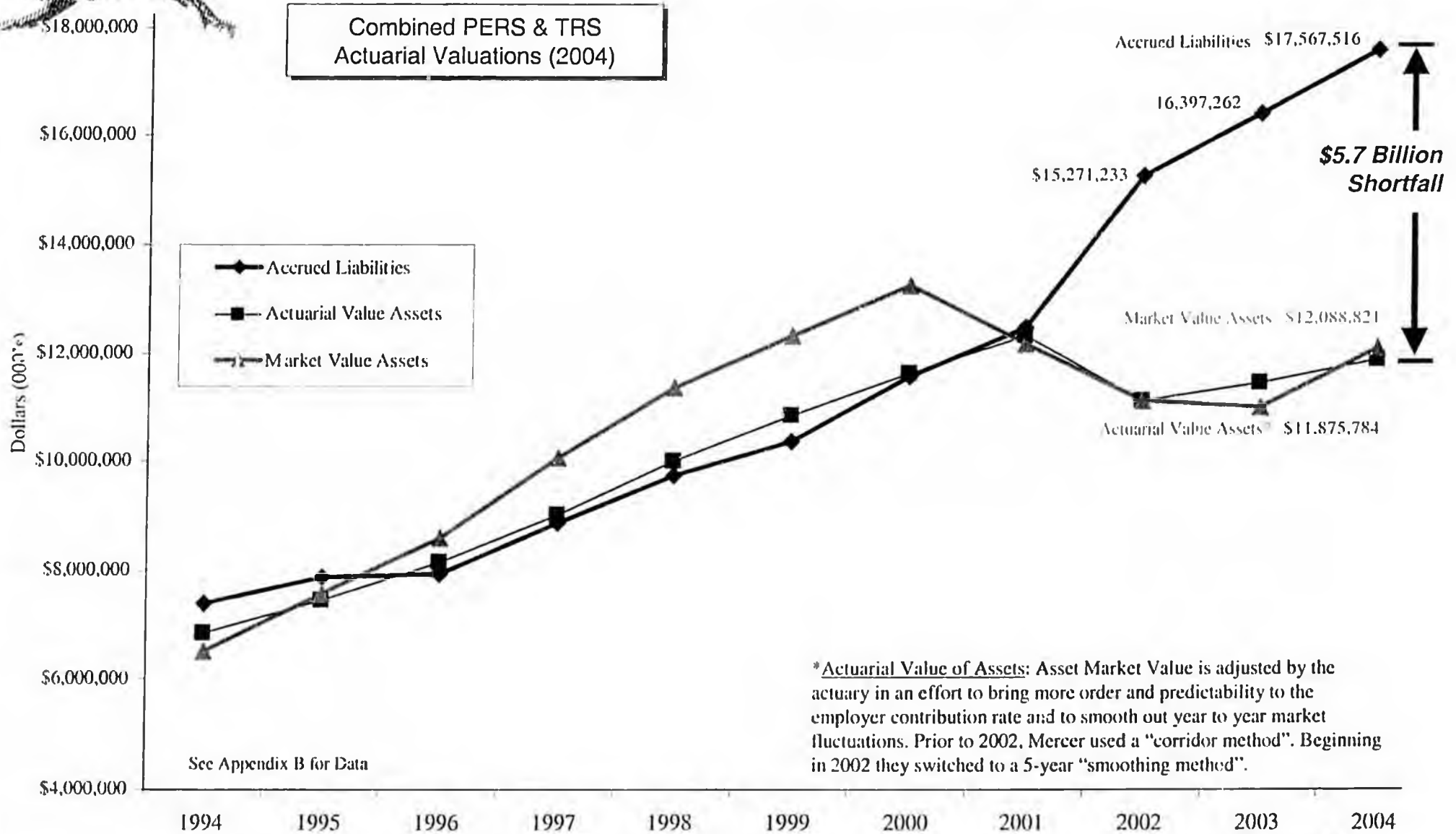
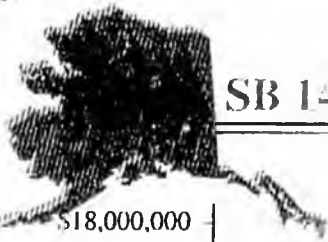
ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES, 2005-2006 3019



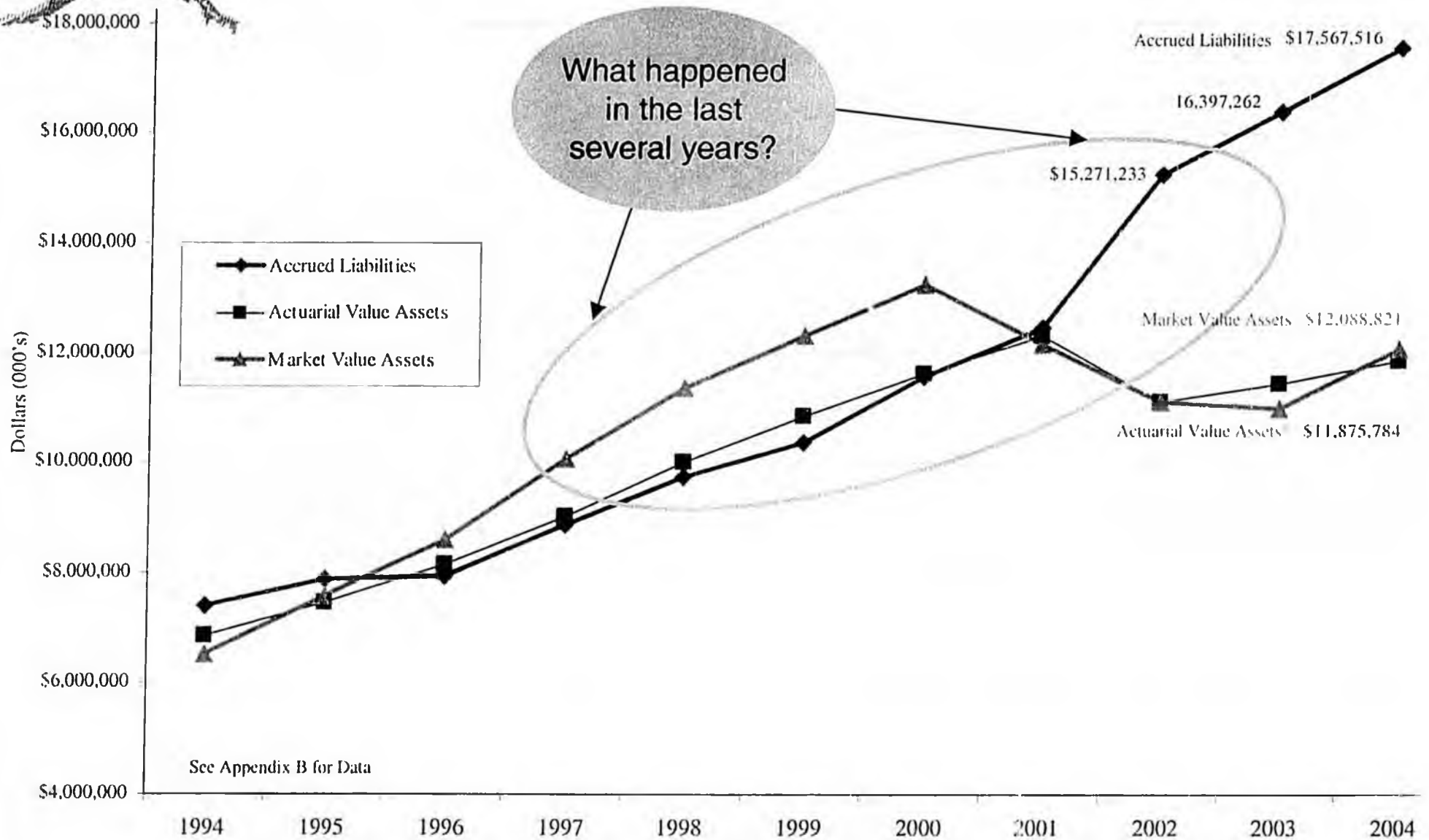
What went wrong?





We Have Been Understating Our Liabilities For the Past Several Years





See Appendix B for Data

Clearly Something Changed Since 2000

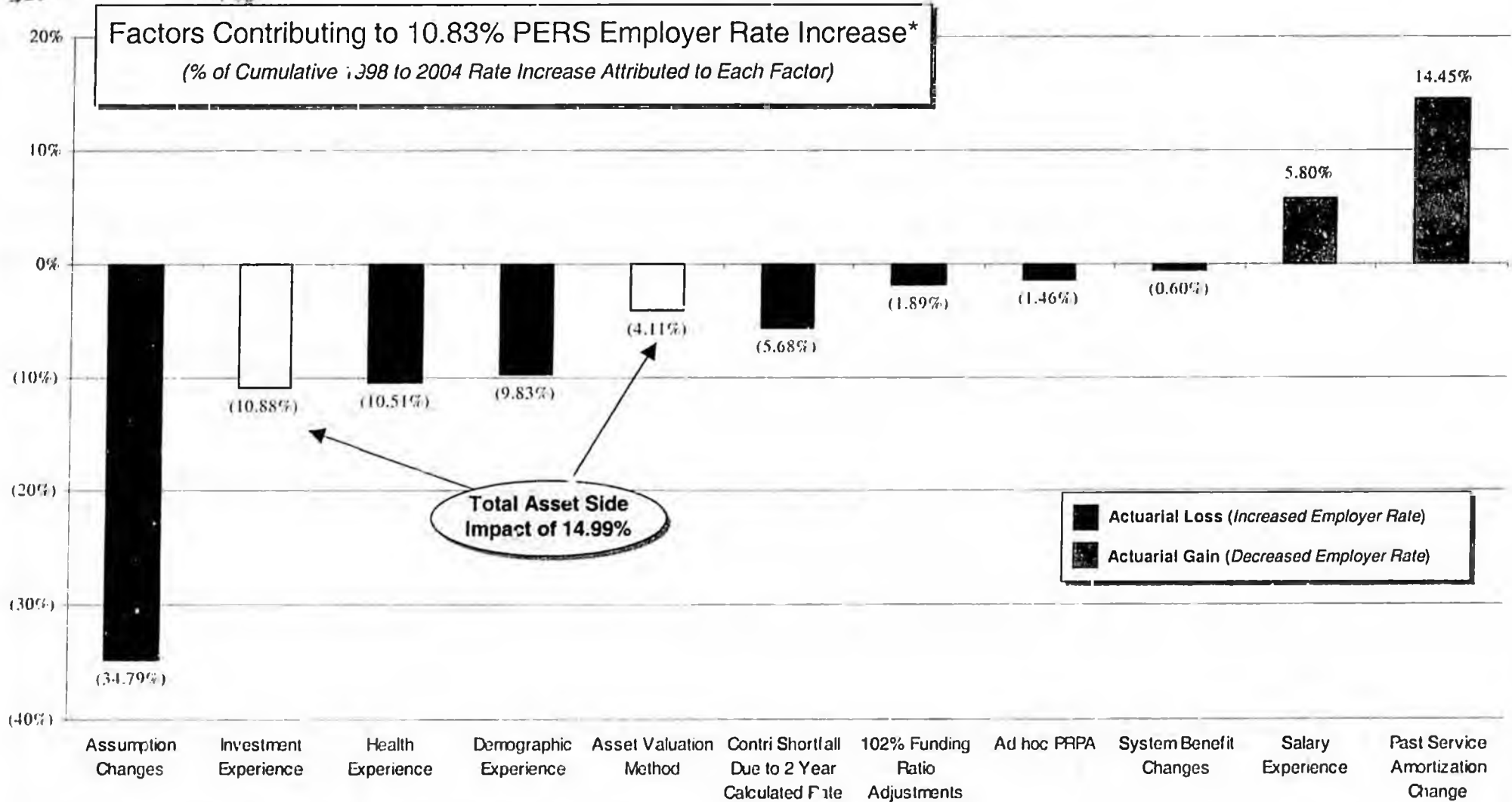




- Inaccurate assumptions
- Historical understatement of system liabilities
- Rising health costs
- 3-yr bear market
- Declining interest rates
- Unfavorable demographic changes
- Timing of the recognition of market losses
- Artificially low contribution rates in good times
- Legislation that has increased benefits
- Awarding of Post Pension Retirement Adjustments

A Combination of Factors Created Our Present Situation





* PERS Employer Rate increased from 7.36% in 1998 to 28.19% in 2004

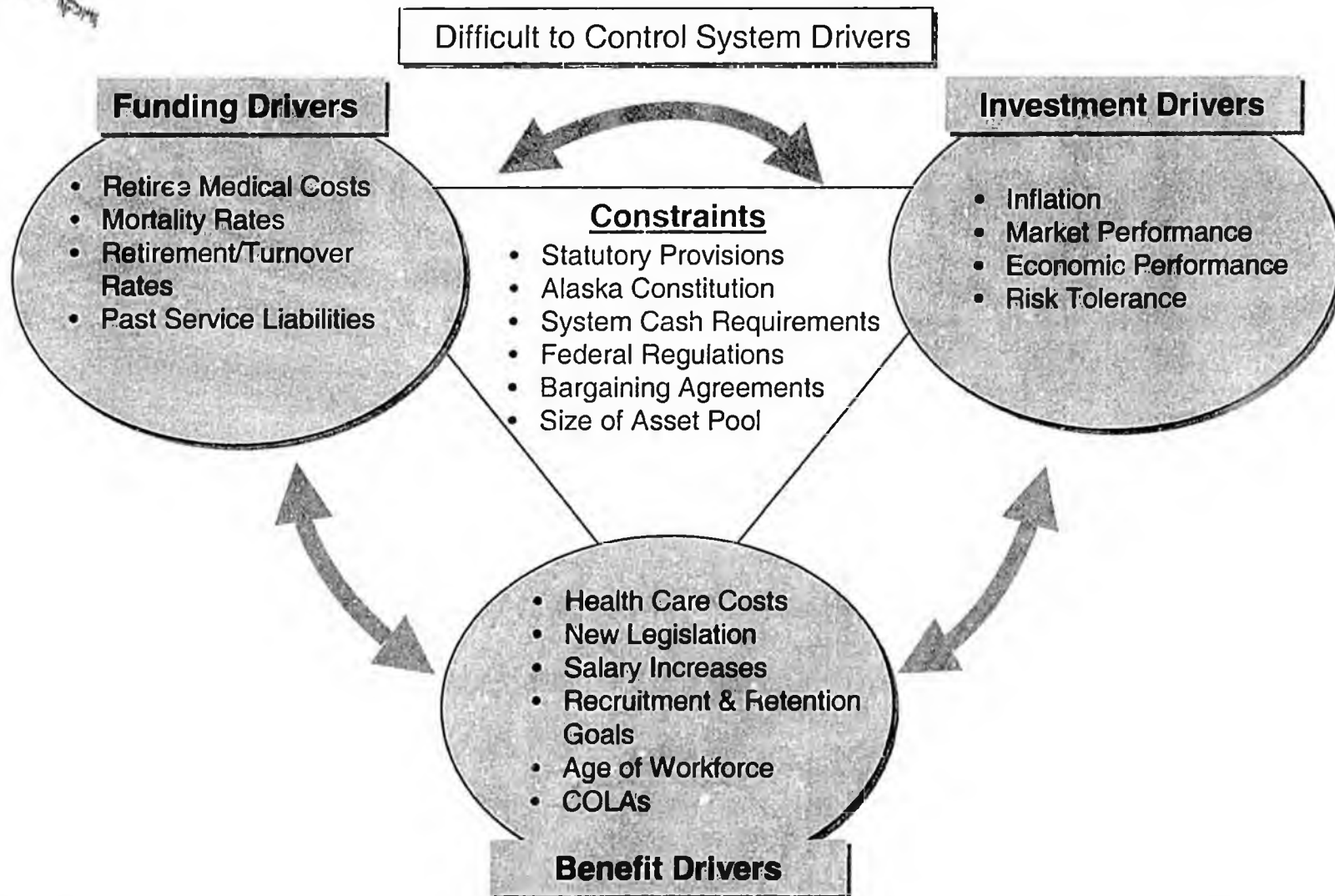
A Combination of Factors Created Our Present Situation





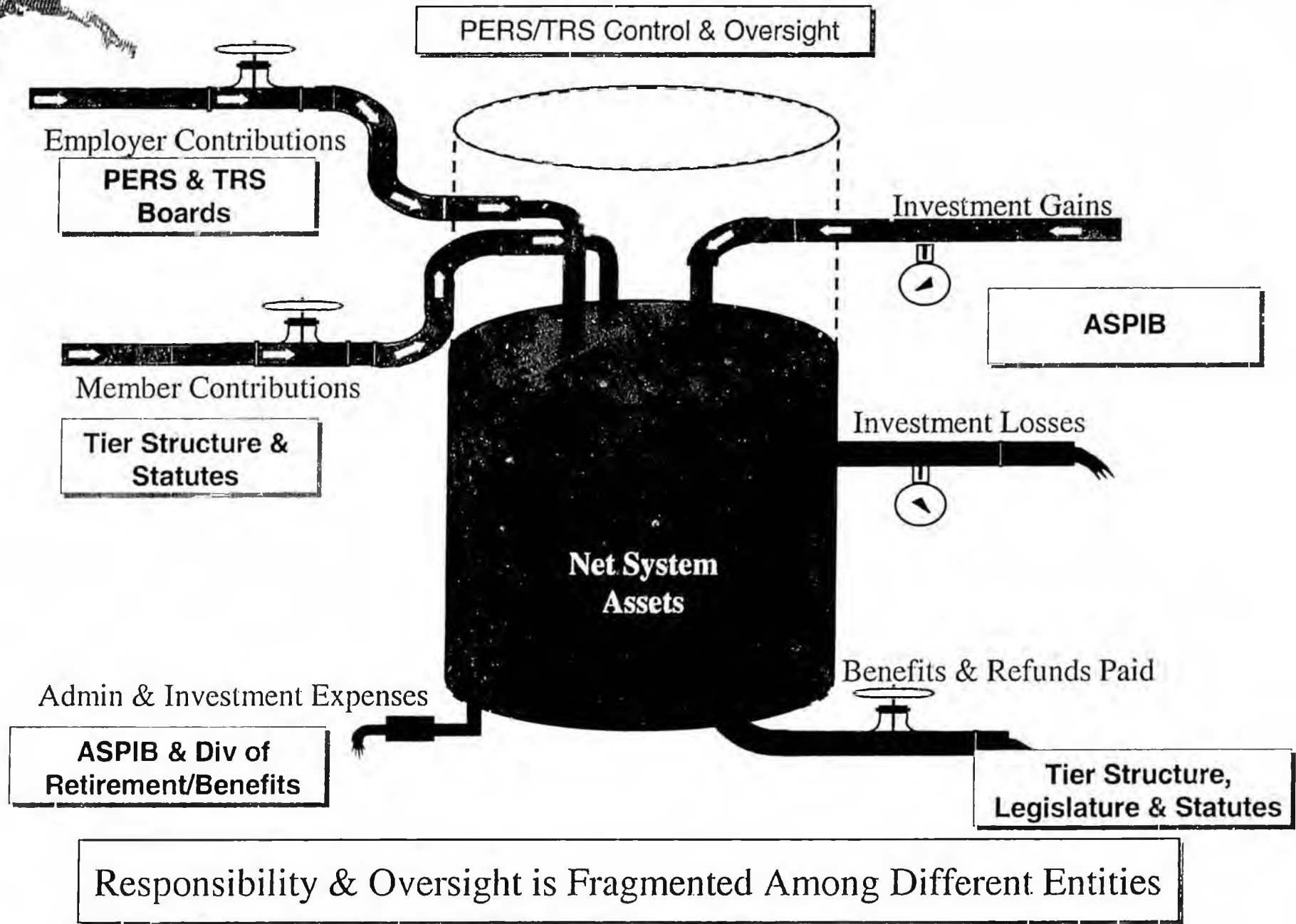
Conclusions





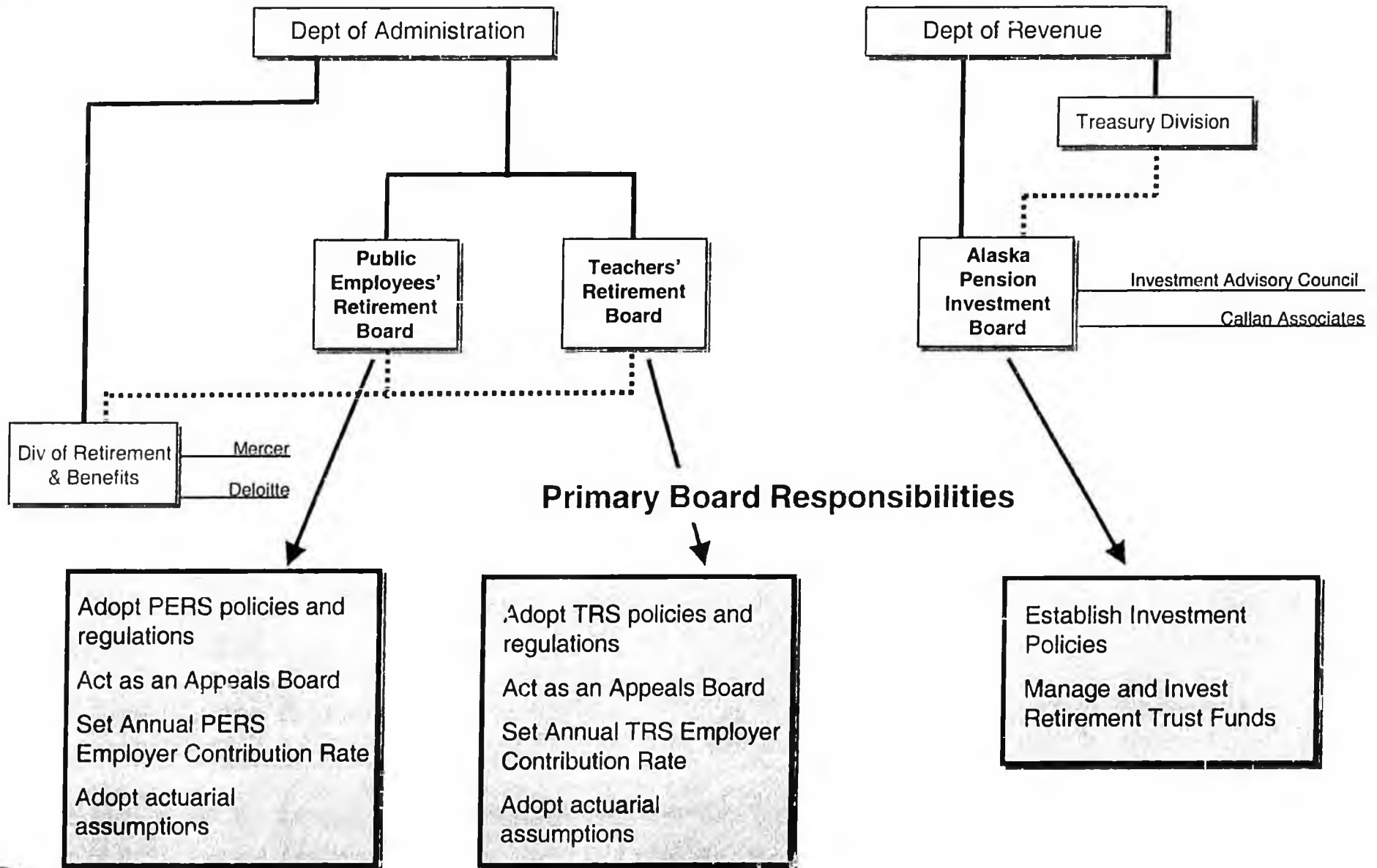
Financial & Economic Drivers are Hard To Predict and Difficult to Control







Current Retirement System Organization



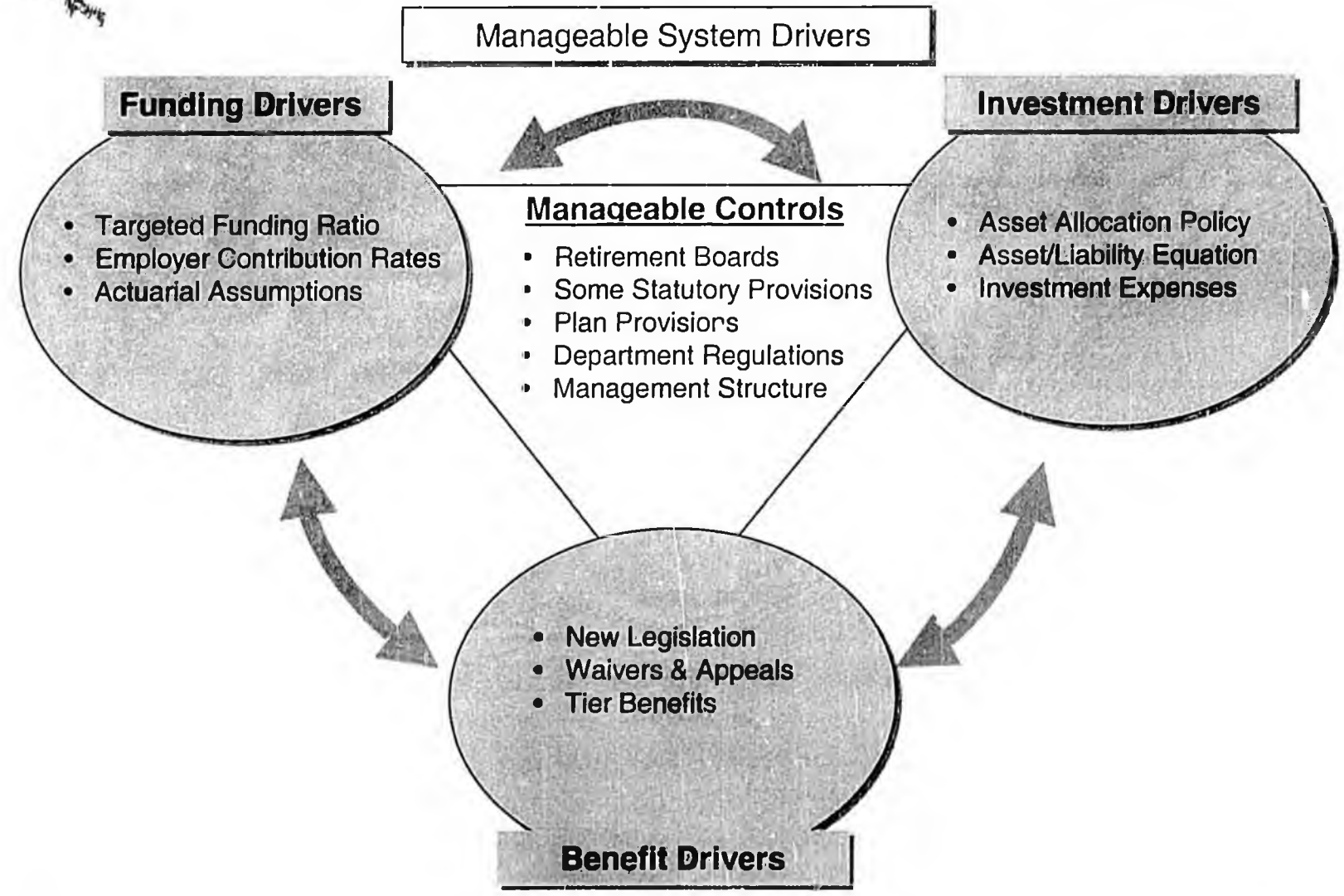
Primary Board Responsibilities

Adopt PERS policies and regulations
 Act as an Appeals Board
 Set Annual PERS Employer Contribution Rate
 Adopt actuarial assumptions

Adopt TRS policies and regulations
 Act as an Appeals Board
 Set Annual TRS Employer Contribution Rate
 Adopt actuarial assumptions

Establish Investment Policies
 Manage and Invest Retirement Trust Funds





Parts of The System Can...and Should.... be Better Managed





Important Conclusions

- System assets and liabilities must be jointly managed
- System volatility needs to be reduced
- Cost predictability and controls must be improved
- Employer contribution rates must be stabilized
- Liability growth must be contained
- Existing liability must be reduced





SB 141 Solution





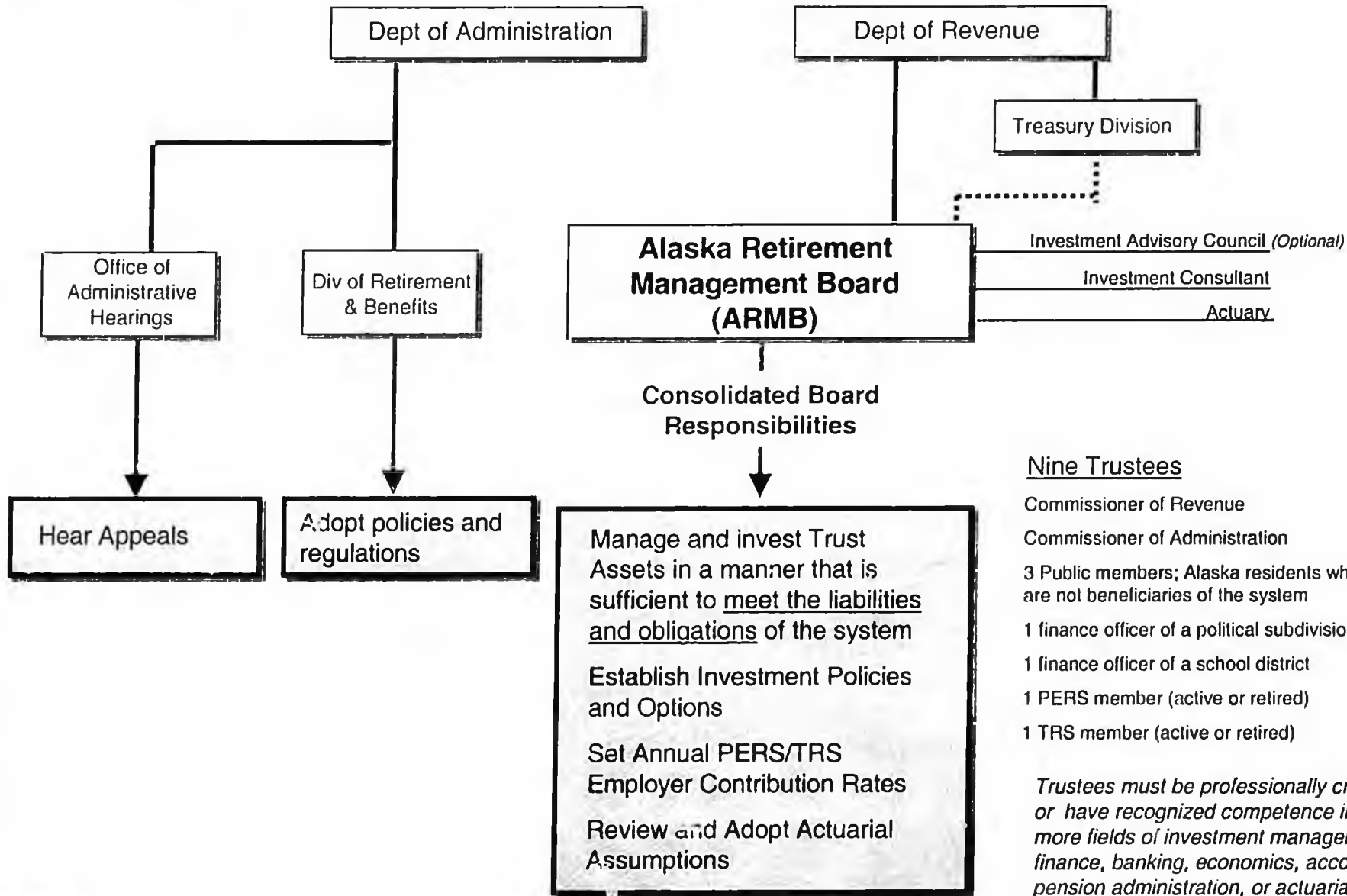
Key Elements:

- Replaces the existing boards (PERS, TRS, ASPIB) with a new 9-member Alaska Retirement Management Board (ARMB)
- Provides more employer representation on the board; strengthens the board's fiduciary responsibilities; gives the board responsibility for setting employer contribution rates and for adopting actuarial assumptions
- Transfers the responsibility for hearing waivers and appeals to the Office of Administrative Hearings
- Increases payroll contributions for existing employees by 0.5% annually until employers and employees share normal costs 50/50 (*This provision was removed by House State Affairs*)
- Establishes a Defined Contribution (DC) Plan, Retiree Medical Benefit and Health Reimbursement arrangement for new employees



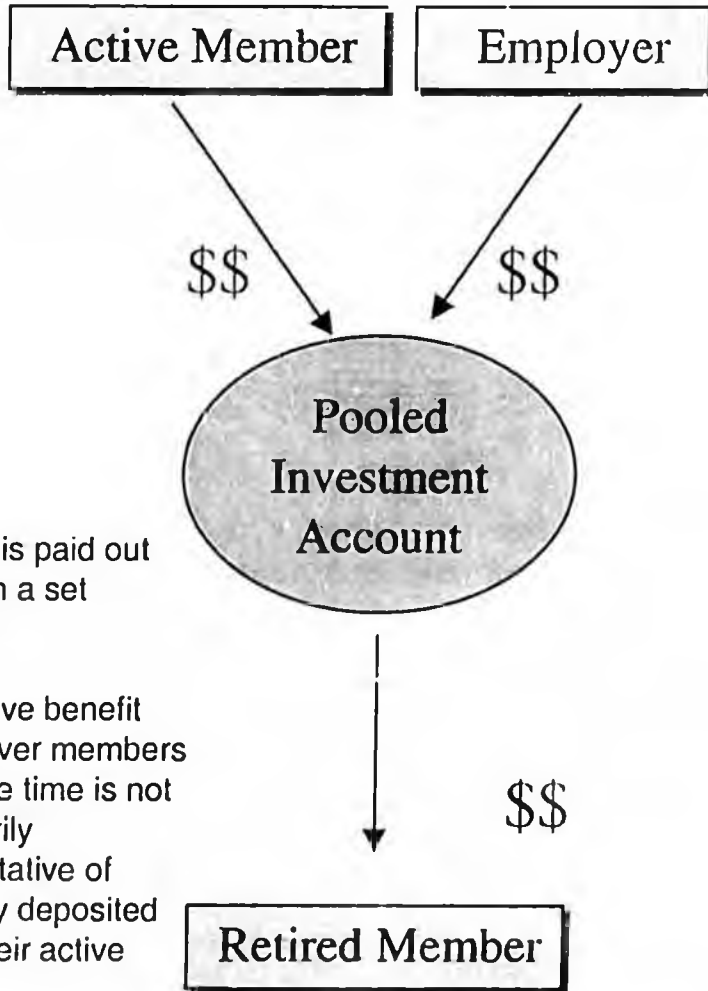


SB 141 Retirement System Organization





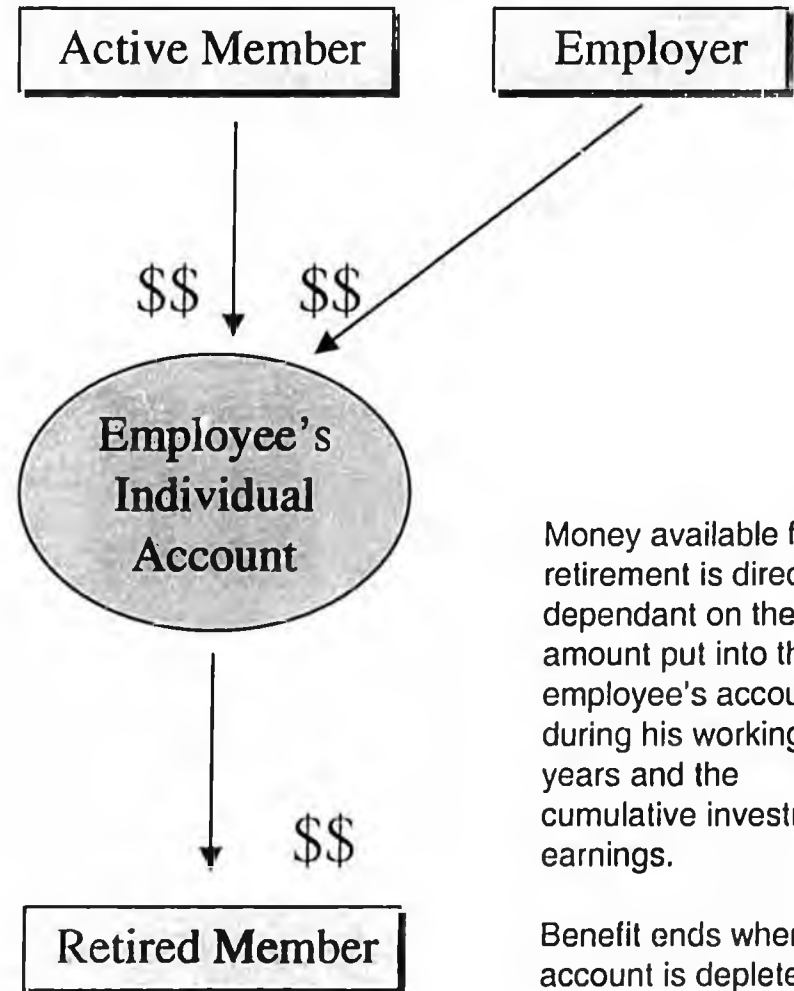
Defined Benefit System



Pension is paid out based on a set formula.

Cumulative benefit payout over members retired life time is not necessarily representative of what they deposited during their active career

Defined Contribution System



Money available for retirement is directly dependant on the amount put into the employee's account during his working years and the cumulative investment earnings.

Benefit ends when account is depleted.





FY 06 Normal Cost Comparisons – TRS Tier II & PERS Tier III vs. SB141 DC Proposals

FY 06 Normal Cost Rates

	TRS II	PERS III	CS SB141(FIN)	HCS CSSB141(STA)
Medical normal cost rate	7.93%	7.23%	1.75%	3.75%
Defined contribution rate	12.43%	10.32%	12.50%	12.50%
HRA contribution rate	0.0%	0.0%	2.00%	2.00%
Gross normal cost rate	20.36%	17.55%	16.25%	18.25%
Member contribution rate	(8.65)%	(6.81)%	(8.00)%	(8.00)%
Employer normal cost rate	12.71%	10.74%	8.25%	10.25%





Our primary objective must be to ...

- Maintain Our Ability to Recruit and Retain Talent
- Maintain the Attractiveness of Public Sector Employment
- Ensure the Solvency of Alaska's Retirement System

SB 141 will

- Strengthen Management & Fiduciary Oversight
- Improve Our Ability to Predict and Control Costs
- Constrain the Growth of the Unfunded Liability
- Provide Near Term Financial Relief to Employers
- Pave the Way For Developing a Long-term Financial Fix



Sat. April 30, 2005
2:29 PM - 5:23

SB 141

HCS SB 141 (FIN) \ C
4/24 moved to adapt by Hawker
objected by Joule

1 ADM \$
new ADM \$
3 REV \$
4 REV \$
5 REV \$
6 REV \$
7 REV \$
SFIN 8 ADM \$

Amendments:

- 1 Kelly - adopted as amended 2-3,
- 2 Kelly - adopted
- 3 Kelly - Adopted
- 4 Kelly amended pg 2, lines 1, 3, 5, 7, 8, 17, 20 Adopted
- 5 Kelly Adopt amend pg 2
- 6 Kelly amend
- 7 Kelly Adopt (5/1/05) no lobby conceptual
- 8 W/D 8A Kelly - adopted 95 amended
- 9 W/D 9A Kelly withdrawn 5/1/05
- 10 W/D 10A Kelly Adopted
- 11 W/D 11 Kelly failed
- 12 Kelly Adopted no lobby
- 13 Weyrauch Adopted no lobby
- 14 Weyrauch W/D
- 15 Weyrauch W/D
- 16 Weyrauch adopted no lobby
- 17 Weyrauch failed 4-7
- 18 Weyrauch W/D
- 19 Weyrauch amended "or decreased" added 5-4 failed
- 20 Weyrauch failed 5-5
- 21 Weyrauch adopted N/D
- 22 Weyrauch failed 5-6

5/1/05

5/1/05

- 23 Hawker - fails 4-7
- 24 Croft - fails 5-6
- 25 Croft withdrawn
- 26 Weyhranch - adopted NO
- 27. - Kelly New adopted NO
- 28. Weyhranch adopted as amended
- 29. Hawker - failed 5-6

5-1-05
Berkovitz

AMENDMENTS

SB 141

AMENDMENT 1

OFFERED IN THE HOUSE
TO: HCS CS SB141 (STA)
24-LS0637\X

BY REPRESENTATIVE KELLY

adopted

1 Page 47, line 11

2 Delete "three"

3 Insert "seven"

4

5 Page 47, lines 24-31

6 Page 48, lines 1-5

7 Delete all material

8 Insert

9 (3) two trustees shall be a member of the public employees' retirement
10 system who shall be selected from a list of ²nominees submitted by public employees'
11 retirement system bargaining units;

12 (4) two trustees shall be a member of the teachers' retirement system who
13 shall be selected from a list of ²nominees submitted by teachers' retirement system
14 bargaining units.

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*adopted
as amended*

4-30-05

AMENDMENT 1

OFFERED IN THE HOUSE
TO: HCS CS SB141 (STA)
24-LS0637X

BY REPRESENTATIVE KELLY

1 Page 47, line 11

2 Delete "three"

3 Insert "seven"

4

5 Page 47, lines 24-31

6 Page 48, lines 1-5

7 Delete all material

8 Insert (d)

9 (3) two trustees shall be a member of the public employees' retirement

10 system who shall be selected from a list of nominees submitted by public employees'

11 retirement system bargaining units;

12 (4) two trustees shall be a member of the teachers' retirement system who

13 shall be selected from a list of nominees submitted by teachers' retirement system

14 bargaining units.

15

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*Amend. to Amend 1
with 1 trustee withdrawn
shall be subject to the system*

*Amend to
Amend 1
Adopted*

three

three

amend to amend 1

(See drafted version
signature has)

4/30/05

Adopted
AS amended
w/ 10 + 13

AMENDMENT 1

OFFERED IN THE HOUSE
TO: HCS CS SB141 (STA)
24-LS0637X

BY REPRESENTATIVE KELLY

- 1 Page 47, line 11
- 2 Delete "three"
- 3 Insert "seven"

4

5 Page 47, lines 24-31

6 Page 48, lines 1-5

7 Delete all material

8 Insert

9 (b) (3) two trustees shall be a member of the public employees' retirement
10 system who shall be selected from a list of nominees submitted by public employees'
11 retirement system bargaining units;

12 (c) (4) two trustees shall be a member of the teachers' retirement system who
13 shall be selected from a list of nominees submitted by teachers' retirement system
14 bargaining units.

AM to AM
adopted

15

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2nd AM to AM w/D
~~All of the Trustees must be
confirmed by the legislature.~~

AMENDMENT |

OFFERED IN THE HOUSE

TO: HCS CSSB 141(STA)

*adoption of
Amendment 1
with conforming*

1 Page 47, following line 11:

2 Delete "three"

3 Insert "seven"

4

5 Page 47, line 24, through page 48, line 5:

6 Delete all material and insert:

7 "(D) two trustees who are members of the public employees'
8 retirement system, selected from a list of ^{three} nominees submitted by public
9 employees' retirement system bargaining units;

10 (E) two trustees who are members of the teachers' retirement
11 system selected from a list of ^{three} nominees submitted by teachers' retirement
12 system bargaining units."

13

14 Page 48, line 7:

15 Delete "or elected"

16

17 Page 108, line 1:

18 Delete "AS 37.10.210(b)(3)"

19 Insert "AS 37.10.210(b)(2)(D) and (E)"

AMENDMENT

*Conforming to
the adoption
of Amendment 1*

OFFERED IN THE HOUSE

TO: HCS CSSB 141(STA)

- 1 Page 48, line 16:
- 2 Delete "three-"
- 3 Insert "two-"
- 4
- 5 Page 108, line 1:
- 6 Delete "appointed"
- 7 Insert "elected"

AMENDMENT 2

Adopted

OFFERED IN THE HOUSE
TO: HCS CS SB 141 (STA)
24-LS0637\X

BY REPRESENTATIVE KELLY

- 1 Page 59, line 15
- 2 Delete "two"
- 3 Insert "2.5"
- 4
- 5
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- 24

Adopted

AMENDMENT 2

OFFERED IN THE HOUSE
TO: HCS CS SB 141 (STA)
24-LS0637X

BY REPRESENTATIVE KELLY

- 1 **Page 59, line 15**
- 2 Delete "two"
- 3 Insert "2.5"
- 4
- 5
- 6
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- 24

*insert 3
amendment to 141
for line*

HOUSE FINANCE COMMITTEE

DATE: April 30, 2005

Amendment: 7

(amendment to)
up to 3%

MEMBER

Favor

Oppose

CROFT	✓	
FOSTER		✓
HAWKER	✓	
HOLM		✓
JOULE	✓	
KELLY		✓
MOSES	✓	
STOLTZE		✓
WEYRAUCH	✓	
CHENAULT		✓
MEYER		✓

5

6

fails.

Adopted

AMENDMENT 3

OFFERED IN THE HOUSE
TO: HCS CS SB 141 (STA)
24-LS0637\X

BY REPRESENTATIVE KELLY

- 1 **Page 16, line 10**
- 2 Delete "4.5"
- 3 Insert "5"
- 4
- 5 **Page 83, line 20**
- 6 Delete "4.5"
- 7 Insert "5"
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no/obj

AMENDMENT 3

OFFERED IN THE HOUSE
TO: HCS CS SB 141 (STA)
24-LS0637\X

BY REPRESENTATIVE KELLY

- 1 **Page 16, line 10**
- 2 Delete "4.5"
- 3 Insert "5"
- 4
- 5 **Page 83, line 20**
- 6 Delete "4.5"
- 7 Insert "5"
- 8
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WJD

AMENDMENT 4

OFFERED IN THE HOUSE
TO: HCS CS SB 141 (STA)
24-LS0637\X

BY REPRESENTATIVE KELLY

- 1 Page 27, line 27
- 2 Following (j)
- 3 Delete "and"
- 4 Insert ","
- 5 Following (k)
- 6 Insert "and (n)"
- 7 Page 28 line 7-line 8
- 8 Delete "use of the subsidy base for Medicare-eligible premiums"
- 9 Insert: "be eligible for benefits as defined in (n) of this section"
- 10 Page 28, line 10
- 11 Delete all material
- 12 Page 28, line 11
- 13 Delete all material
- 14 Page 28, line 14
- 15 Delete "Each"
- 16 Insert "The"
- 17 Page 28
- 18 Following line 15
- 19 Insert
- 20 (n) The cost of premiums for a participant who is eligible for Medicare is the following
- 21 percentage of the premium amount:
- 22 (A) 30 percent if the member had 10 or more, but less than 15, years of service;
- 23 (B) 25 percent if the member had 15 or more, but less than 20, years of service;
- 24 (C) 20 percent if the member had 20 or more, but less than 25, years of service;
- (D) 10 percent if the member had 30 or more years of service.

- 1 Page 16, line 12
- 2 Delete "3.75"
- 3 Insert "2.5"
- 4 Renumber Accordingly
- 5
- 6
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AMENDMENT 4

OFFERED IN THE HOUSE
TO: HCS CS SB 141 (STA)
24-LS0637X

BY REPRESENTATIVE KELLY

adopted

- 1 Page 27, line 27
- 2 Following (j)
- 3 Delete "and"
- 4 Insert ","
- 5 Following (k)
- 6 Insert "and (n)"
- 7 Page 28 line 7-line 8
- 8 Delete "use of the subsidy base for Medicare-eligible premiums"
- 9 Insert: "be eligible for benefits as defined in (n) of this section"
- 10 Page 28, line 10
- 11 Delete all material
- 12 Page 28, line 11
- 13 Delete all material
- 14 Page 28, line 14
- 15 Delete "Each"
- 16 Insert "The"
- 17 Page 28
- 18 Following line 15
- 19 Insert
- 20 (n) The cost of premiums for a participant who is eligible for Medicare is the following
- 21 percentage of the premium amount:
- 22 (A) 30 percent if the member had 10 or more, but less than 15, years of service;
- 23 (B) 25 percent if the member had 15 or more, but less than 20, years of service;
- 24 (C) 20 percent if the member had 20 or more, but less than 25, years of service;
- 25 (D) 10 percent if the member had 30 or more years of service.

- 1 Page 16, line 12
- 2 Delete "3.75"
- 3 Insert "2.5"
- 4 Renumber Accordingly
- 5
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NW AMENDMENT 4

OFFERED IN THE HOUSE

TO: HCS CSSB 141(STA)

1 Page 16, line 12:

2 Delete "3.75"

3 Insert "2.5"

4

5 Page 27, line 27:

6 Delete "(j) and (k)"

7 Insert "(j), (k), and (n)"

8

9 Page 28, lines 7 - 8:

10 Delete "will use the subsidy base for Medicare-eligible premiums"

11 Insert "are eligible for benefits as provided in (n) of this section"

12

13 Page 28, line 8:

14 Delete "will"

15 Insert "shall"

16

17 Page 28, line 10, following "(m)", through line 11:

18 Delete all material.

19

20 Page 28, line 12:

21 Delete "the subsidy"

22 Insert "The subsidy"

23 Delete "will be"

*Rep Croft
Amended
to delete
NO*

1 Insert "shall be"

2

3 Page 28, line 14:

4 Delete "Each"

5 Insert "The"

6 Delete "will"

7 Insert "shall"

8

9 Page 28, following line 15:

10 Insert a new subsection to read:

11 "(n) The cost of premiums for a participant who is eligible for Medicare is the
12 following percentage of the premium amount:

13 (1) 30 percent if the member has 10 or more, but less than 15 years of
14 service:

15 (2) 25 percent if the member has 15 or more, but less than 20 years of
16 service:

17 (3) 20 percent if the member has 20 or more, but less than 25 years of
18 service;

19 (4) 10 percent if the member has 30 or more years of service."
20

21 Reletter the following subsections accordingly.

Amended pg 2
NW AMENDMENT 4
Adopted

OFFERED IN THE HOUSE

TO: HCS CSSB 141(STA)

- offered*
- 1 Page 16, line 12:
2 Delete "3.75"
3 Insert "2.5"
4
- 5 Page 27, line 27:
6 Delete "(j) and (k)"
7 Insert "(j), (k), and (n)"
8
- 9 Page 28, lines 7 - 8:
10 Delete "will use the subsidy base for Medicare-eligible premiums"
11 Insert "are eligible for benefits as provided in (n) of this section"
12
- 13 Page 28, line 8:
14 Delete "will"
15 Insert "shall"
16
- 17 Page 28, line 10, following "(m)", through line 11:
18 Delete all material.
19
- 20 Page 28, line 12:
21 Delete "the subsidy"
22 Insert "The subsidy"
23 Delete "will be"

1 Insert "shall be"

2

3 Page 28, line 14:

4 Delete "Each"

5 Insert "The"

6 Delete "will"

7 Insert "shall"

8

9 Page 28, following line 15:

10 Insert a new subsection to read:

11 "(n) The cost of premiums for a participant who is eligible for Medicare is the
12 following percentage of the premium amount:

13 (1) 30 percent if the member has 10 or more, but less than 15 years of
14 service;

15 (2) 25 percent if the member has 15 or more, but less than 20 years of
16 service;

17 (3) 20 percent if the member has 20 or more, but less than ~~25~~³⁰ years of
18 service;

19 (4) 10 percent if the member has 30 or more years of service."

20

21 Reletter the following subsections accordingly.

Advised Amended

24-LS0637\X.11

Craver

4/30/05

NW AMENDMENT 4

pg 2
Amended

OFFERED IN THE HOUSE

TO: HCS CSSB 141(STA)

- 1 Page 16, line 12:
- 2 Delete "3.75"
- 3 Insert "2.5"
- 4
- 5 Page 27, line 27:
- 6 Delete "(j) and (k)"
- 7 Insert "(j), (k), and (n)"
- 8
- 9 Page 28, lines 7 - 8:
- 10 Delete "will use the subsidy base for Medicare-eligible premiums"
- 11 Insert "are eligible for benefits as provided in (n) of this section"
- 12
- 13 Page 28, line 8:
- 14 Delete "will"
- 15 Insert "shall"
- 16
- 17 Page 28, line 10, following "(m)". through line 11:
- 18 Delete all material.
- 19
- 20 Page 28, line 12:
- 21 Delete "the subsidy"
- 22 Insert "The subsidy"
- 23 Delete "will be"

1 Insert "shall be"

2

3 Page 28, line 14:

4 Delete "Each"

5 Insert "The"

6 Delete "will"

7 Insert "shall"

8

9 Page 28, following line 15:

10 Insert a new subsection to read:

11 "(n) The cost of premiums for a participant who is eligible for Medicare is the
12 following percentage of the premium amount:

13 (1) 30 percent if the member has 10 or more, but less than 15 years of
14 service;

15 (2) 25 percent if the member has 15 or more, but less than 20 years of
16 service;

17 (3) 20 percent if the member has 20 or more, but less than ~~25~~³⁰ years of
18 service;

19 (4) 10 percent if the member has 30 or more years of service."
20

21

Reletter the following subsections accordingly.

HOUSE FINANCE COMMITTEE

Rescind

Amend

DATE: 4/30/05
 Amendment: Am 4 ~~Am 1~~

MEMBER

Favor

Oppose

MEMBER	Favor	Oppose
HAWKER		✓
HOLM	✓	
JOULE		✓
KELLY	✓	
MOSES		✓
STOLTZE	✓	
WEYRAUCH		✓
CROFT		✓
FOSTER	✓	
CHENAULT	✓	
MEYER	✓	

HOUSE FINANCE COMMITTEE

DATE: _____

Amendment: Delet Lines
 Amend 1-3

MEMBER

Favor

Oppose

HOLM		✓
JOULE	✓	
KELLY		✓
MOSES	✓	
STOLTZE		✓
WEYRAUCH	✓	
CROFT	✓	
FOSTER		✓
HAWKER	✓	
MEYER		✓
CHENAULT		✓

HOUSE FINANCE COMMITTEE

DATE: _____

Amendment: Am 4 as
~~pass Am~~

MEMBER

Favor

Oppose

JOULE		✓
KELLY	✓	
MOSES		✓
STOLTZE	✓	
WEYRAUCH	✓	
CROFT		✓
FOSTER	✓	
HAWKER	✓	
HOLM	✓	
CHENAULT	✓	Ⓚ
MEYER	✓	

HOUSE FINANCE
COMMITTEE

DATE: 5-2-05

Amendment: SB 141

MEMBER

Favor

Oppose

HOLM	✓	
JOULE		✓
KELLY	✓	
MOSES	✓	
STOLTZE	✓	
<i>ab.</i> WEYRAUCH		
CROFT		✓
FOSTER	✓	
HAWKER	✓	
MEYER	✓	
CHENAULT	✓	

8

7

AMENDMENT 5

OFFERED IN THE HOUSE
TO: HCS CS SB 141 (STA)
24-LS0637\X

BY REPRESENTATIVE KELLY

- 1 Page 93, line 19
2 Delete All Material
3 Insert
4 (1) has at least 25 years of service as a peace officer or fire fighter or at least 30
5 years of service for all other employees; or"
6 Page 95, line 6
7 Following (j)
8 Delete "and"
9 Insert ","
10 Following (k)
11 Insert "and (n)"
12 Page 95 line 17-line 18
13 Delete "use the subsidy base for Medicare-eligible premiums."
14 Insert "be eligible for benefits as defined in (n) of this section."
15 Page 95, line 20-21
16 Delete All Material
17 Page 95, line 24
18 Delete "Each"
19 Insert "The
20 Page 96
21 Following line 25 insert
22 (n) The cost of premiums for a participant who is eligible for Medicare is the
23 following percentage of the premium amount:
24

adopted

- 1 (A) 30 percent if the member had 10 or more, but less than 15, years of service;
- 2 (B) 25 percent if the member had 15 or more, but less than 20, years of service;
- 3 (C) 20 percent if the member had 20 or more, but less than 25, years of service;
- 4 (D) 10 percent if the member had 30 or more years of service.

5 Page 83, line 22

6 Delete "3.5"

7 Insert "2.5"

8

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Adopted
Amended Page

24-LS0637X.12
Craver
4/30/05

New AMENDMENT 5 

OFFERED IN THE HOUSE

TO: HCS CSSB 141(STA)

1 Page 83, line 22:

2 Delete "3.5"

3 Insert "2.5"

4

5 Page 93, line 19, following "the member has":

6 Delete all material and insert "at least 25 years of service as a peace officer or fire
7 fighter or at least 30 years of service for all other employees; or"

8

9 Page 94, lines 4, following "a member with at least":

10 Delete "30 years of service"

11 Insert "25 years of service as a peace officer or fire fighter or at least 30 years of
12 service for all other employees"

13

14 Page 95, line 6:

15 Delete "(j) and (k)"

16 Insert "(j), (k), and (n)"

17

18 Page 95, lines 17 - 18:

19 Delete "will use the subsidy base for Medicare-eligible premiums"

20 Insert "are eligible for benefits as provided in (n) of this section"

21

22 Page 95, line 18:

23 Delete "will"

1 Insert "shall"

2

3 Page 95, line 20 following "(m)" through line 21:

4 Delete all material.

5

6 Page 95, line 22:

7 Delete "the subsidy"

8 Insert "The subsidy"

9 Delete "will be"

10 Insert "shall be"

11

12 Page 95, line 24:

13 Delete "Each"

14 Insert "The"

15 Delete "will"

16 Insert "shall"

17

18 Page 95, following line 25:

19 Insert a new subsection to read:

20 "(n) The cost of premiums for a participant who is eligible for Medicare is the
21 following percentage of the premium amount:

22 (1) 30 percent if the member has 10 or more, but less than 15 years of
23 service;

24 (1) 25 percent if the member has 15 or more, but less than 20 years of
25 service;

26 (1) 20 percent if the member has 20 or more, but less than ~~25~~³⁰ years of
27 service;

28 (1) 10 percent if the member has 30 or more years of service.

29

30 Reletter the following subsections accordingly.

HOUSE FINANCE COMMITTEE

DATE: _____

Amendment: Am New 5

Delete 1-3 W

MEMBER

Favor

Oppose

MEMBER	Favor	Oppose
KELLY	✓	
MOSES		✓
STOLTZE		✓
WEYRAUCH	✓	
CROFT	✓	
FOSTER		✓
HAWKER	✓	
HOLM		✓
JOULE	✓	
MEYER		✓
CHEHAULT		✓

AMENDMENT 5

w/D

OFFERED IN THE HOUSE
TO: HCS CS SB 141 (STA)
24-LS0637\X

BY REPRESENTATIVE KELLY

- 1 Page 93, line 19
- 2 Delete All Material
- 3 Insert
- 4 (1) has at least 25 years of service as a peace officer or fire fighter or at least 30
- 5 years of service for all other employees; or"
- 6 Page 95, line 6
- 7 Following (j)
- 8 Delete "and"
- 9 Insert ","
- 10 Following (k)
- 11 Insert "and (n)"
- 12 Page 95 line 17-line 18
- 13 Delete "use the subsidy base for Medicare-eligible premiums."
- 14 Insert "be eligible for benefits as defined in (n) of this section."
- 15 Page 95, line 20-21
- 16 Delete All Material
- 17 Page 95, line 24
- 18 Delete "Each"
- 19 Insert "The
- 20 Page 96
- 21 Following line 25 insert
- 22 (n) The cost of premiums for a participant who is eligible for Medicare is the
- 23 following percentage of the premium amount:
- 24

- 1 (A) 30 percent if the member had 10 or more, but less than 15, years of service;
- 2 (B) 25 percent if the member had 15 or more, but less than 20, years of service;
- 3 (C) 20 percent if the member had 20 or more, but less than 25, years of service;
- 4 (D) 10 percent if the member had 30 or more years of service.

5 Page 83, line 22

6 Delete "3.5"

7 Insert "2.5"

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AMENDMENT 6

OFFERED IN THE HOUSE
TO: HCS CS SB 141 (STA)
24-LS0637\X

BY REPRESENTATIVE KELLY

adopted

1 Page 50, line 6

2 Insert new paragraph

3 (8) review annually the status of the retiree health insurance fund established for
4 members of the defined contribution plans under AS 14.25.310-14.25.590 and AS
5 39.35.700- 39.35.990 to ensure the medical cost rate established for employers under
6 AS 14.25.350(b) and AS 39.35.750(b) is sufficient to fully fund the employers'
7 required share of the premiums established for the retiree major medical insurance
8 plan; the board shall notify the legislature immediately if the board determines the
9 rates established by statute are insufficient; *is notify by immediately*

10

11 Remember the Remaining Paragraphs Accordingly

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Adopted
as amended

AMENDMENT 6

OFFERED IN THE HOUSE
TO: HCS CS SB 141 (STA)
24-LS0637X

BY REPRESENTATIVE KELLY

1 Page 50, line 6

2 Insert new paragraph

3 (8) review annually the status of the retiree health insurance fund established for
4 members of the defined contribution plans under AS 14.25.310-14.25.590 and AS
5 39.35.700- 39.35.990 to ensure the medical cost rate established for employers under
6 AS 14.25.350(b) and AS 39.35.750(b) is sufficient to fully fund the employers'

7 required share of the premiums established for the retiree major medical insurance
8 plan; the board shall notify the legislature immediately if the board determines the

9 rates established by statute are insufficient *and make recommendations*
10 *on rates that are sufficient.*

11 Renumber the Remaining Paragraphs Accordingly

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Adopted

~~Amendment to add study - failed~~

*as Amended
Adopted*

AMENDMENT 6

OFFERED IN THE HOUSE
TO: HCS CS SB 141 (STA)
24-LS0637X

BY REPRESENTATIVE KELLY

1 Page 50, line 6

2 Insert new paragraph

3 (8) review annually the status of the retiree health insurance fund established for

4 members of the defined contribution plans under AS 14.25.310-14.25.590 and AS

5 39.35.700- 39.35.990 to ensure the medical cost rate established for employers under

6 AS 14.25.350(b) and AS 39.35.750(b) is sufficient to fully fund the employers'

7 required share of the premiums established for the retiree major medical insurance

8 plan; the board shall notify the legislature immediately if the board determines the

9 rates established by statute are insufficient; *and make recommendations*

10 *On Rates That are Sufficient*

11 Renumber the Remaining Paragraphs Accordingly

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HOUSE FINANCE COMMITTEE

Add Study -

DATE: 4/30

Amendment: Conceptual Am
to Amend 6

MEMBER

Favor

Oppose

MOSES	✓	
STOLTZE	✓	
WEYRAUCH	✓	
CROFT	✓	
FOSTER		✓
HAWKER		✓
HOLM		✓
JOULE	✓	
KELLY		✓
CHENAULT		✓
MEYER		✓

*Adopted
no lobby*

AMENDMENT 7

OFFERED IN THE HOUSE
TO: HCS CS SB 141 (STA)
24-LS0637\X

BY REPRESENTATIVE KELLY

- 1 Page 51, line 20
- 2 Delete "\$150"
- 3 Insert "\$400"
- 4
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AMENDMENT 8

Held

OFFERED IN THE HOUSE FINANCE COMMITTEE

BY REP Weyhrauch/
Stoltze

TO: HCS CSSB 141 (STA)
24-LS0637\X

Page 93 following Line 28, insert new section to read:

Sec 39.35.875. Death Benefit for Peace Officers and Fire Fighters. (a) A peace officer or fire fighter killed in the line of duty is entitled to a lump sum death benefit as outlined in this section. To be eligible for this benefit, the member's death must have occurred under the following conditions:

- (1) while the member is an active member of the retirement plan established under AS 39.35.700 – 39.35.990; and
- (2) the proximate cause of death is a bodily injury sustained while in the performance and within the course and scope of the employee's duties, and
- (3) neither the injury nor death were the proximate result of willful negligence of the employee or by the employee's own hand

(b) If the death is caused by an act of assault, assassination, or terrorism directly related to the person's status as an employee, whether the act occurs on or off the employee's job site, the death shall be considered to have occurred in the performance of the employee's duties for purposes of (a)(3) of this section.

(c) The lump sum death benefit shall be \$500,000 paid to the surviving spouse. If there is no surviving spouse, the death benefit shall be paid in equal parts to the dependant children of the employee.

(d) If no surviving spouse or dependent children exist at the time of the death or if the employee designates a beneficiary other than the surviving spouse or dependent children under AS 39.35.850, the employee's designated beneficiary is entitled to receive a lump sum death benefit of \$250,000.

(e) The death benefit shall be paid from the group health and life benefits fund established under AS 39.30.095.

(f) For purposes of this section, "peace officer" and "fire fighter" have the meaning given in AS 39.35.680.

Adopted as Amended

AMENDMENTS A

OFFERED IN THE HOUSE FINANCE COMMITTEE

BY REP _____

TO: HCS CSSB 141 (STA)

24-LS0637X

Page 93 following Line 28, insert new section to read:

Sec 39.35.875. Death Benefit for Peace Officers and Fire Fighters. (a) A peace officer or fire fighter killed in the line of duty is entitled to a death benefit as outlined in this section. To be eligible for this benefit, the member's death must have occurred under the following conditions:

- (1) while the member is an active member of the retirement plan established under AS 39.35.700 – 39.35.990; and
- (2) the proximate cause of death is a bodily injury sustained while in the performance and within the course and scope of the employee's duties, and
- (3) neither the injury nor death were the proximate result of willful negligence of the employee or by the employee's own hand

(b) If the death is caused by an act of assault, assassination, or terrorism directly related to the person's status as an employee, whether the act occurs on or off the employee's job site, the death shall be considered to have occurred in the performance of the employee's duties for purposes of (a)(3) of this section.

(c) The death benefit shall be \$500,000 paid to the surviving spouse. If there is no surviving spouse, the death benefit shall be paid in equal parts to the dependant children of the employee. The benefit shall be paid as a lump sum unless the member had selected an annuity option in accordance with regulations established by the administrator.

(d) If no surviving spouse or dependent children exist at the time of the death or if the employee designates a beneficiary other than the surviving spouse or dependent children under AS 39.35.850, the employee's designated beneficiary is entitled to receive a lump sum death benefit of \$250,000.

(e) The death benefit shall be paid from the group health and life benefits fund established under AS 39.30.095.

(f) For purposes of this section, "peace officer" and "fire fighter" have the meaning given in AS 39.35.680. *Revised*

A public employee killed or disabled in the line of duty shall be treated as if hired on June 1, 2005.

Amendment 8A As Amended

Add:

A public employee killed or disabled in the line of duty shall be treated as if hired on June 1, 2005

5/1/05

AMENDMENTS A

as amended
N/O 5/1/05

OFFERED IN THE HOUSE FINANCE COMMITTEE

BY REP _____

TO: HCS CSSB 141 (STA)
24-LS0637X

Page 93 following Line 28, insert new section to read:

Sec 39.35.875. Death Benefit for Peace Officers and Fire Fighters. (a) A peace officer or fire fighter killed in the line of duty is entitled to a death benefit as outlined in this section. To be eligible for this benefit, the member's death must have occurred under the following conditions:

- (1) while the member is an active member of the retirement plan established under AS 39.35.700 – 39.35.990; and
- (2) the proximate cause of death is a bodily injury sustained while in the performance and within the course and scope of the employee's duties, and
- (3) neither the injury nor death were the proximate result of willful negligence of the employee or by the employee's own hand

(b) If the death is caused by an act of assault, assassination, or terrorism directly related to the person's status as an employee, whether the act occurs on or off the employee's job site, the death shall be considered to have occurred in the performance of the employee's duties for purposes of (a)(3) of this section.

(c) The death benefit shall be \$500,000 paid to the surviving spouse. If there is no surviving spouse, the death benefit shall be paid in equal parts to the dependant children of the employee. The benefit shall be paid as a lump sum unless the member had selected an annuity option in accordance with regulations established by the administrator.

(d) If no surviving spouse or dependent children exist at the time of the death or if the employee designates a beneficiary other than the surviving spouse or dependent children under AS 39.35.850, the employee's designated beneficiary is entitled to receive a lump sum death benefit of \$250,000.

(e) The death benefit shall be paid from the group health and life benefits fund established under AS 39.30.095.

(f) For purposes of this section, "peace officer" and "fire fighter" have the meaning given in AS 39.35.680.

AMENDMENT

Failed to replace BA 5/11/05
14
Weyhrow G
3/11/05
4-7
Failed
5/11/05

CSSB 141 ~~STATA~~

CONCEPTUAL

For any employee hired after the effective date of this act, who is killed or disabled in the course of their employment, the provisions of AS 14.25.157, 160, 162 or 39.35.410, 415, 420, 430, and 440 as they existed before the effective date of this act, shall apply.

AMENDMENT 9

w/D

OFFERED IN THE HOUSE FINANCE COMMITTEE

BY REP Kelly

TO: HCS CSSB 141 (STA)
24-LS0637X

Page 83 insert new wording for Sec 39.35.750(b) to read:

(b) An employer shall also make a contribution towards retiree major medical insurance. The contribution shall be paid into to the group health and life benefits fund established under AS 39.30.095 and accounted for in accordance with regulations established by the commissioner of administration. The contribution shall be a percent of a member's compensation from July 1 to the following June 30 as follows:

- (1) 2.00 percent for peace officers and fire fighters
- (2) 1.75 percent of compensation for all others

10/1/05 5/1/05

AMENDMENT 9 A

OFFERED IN THE HOUSE FINANCE COMMITTEE

BY REP _____

TO: HCS CSSB 141 (STA)
24-LS0637X

Page 83 insert new wording for Sec 39.35.750(b) to read:

(b) An employer shall also make a contribution towards retiree major medical insurance. The contribution shall be paid into to the group health and life benefits fund established under AS 39.30.095 and accounted for in accordance with regulations established by the commissioner of administration. The contribution shall be a percent of a member's compensation from July 1 to the following June 30 as follows:

- (1) 2.75 percent for peace officers and fire fighters
- (2) 2.50 percent of compensation for all others

New

AMENDMENT 10

W/D

OFFERED IN THE HOUSE FINANCE COMMITTEE

BY REP Weyhrauch /
Stoltze

TO: HCS CSSB 141 (STA)
24-LS0637X

Page 57 on line 7 replace existing Sec. 75 with the following language

* Sec. 75. AS 39.30.160(a) is amended to read:

(a) The Department of Administration shall, in accordance with policies prescribed by regulations of the Public Employees Retirement Board, provide to employees for whom special individual employee benefit accounts are established under AS 39.30.150(c) the following benefit options:

- (1) supplemental health benefits,
- (2) supplemental death benefits,
- (3) supplemental disability benefits, and
- (4) supplemental dependent care benefits.

Page 57 following Line 27 insert new section to read:

* Sec __. AS 39.30.160(b) is amended to read:

(b) An employee may select the types and amounts of supplemental benefits to be purchased with the money deposited in the employee's special individual employee benefit accounts under AS 39.30.150(c). The selection must be from the benefit options listed in (a) of this section.

Page 58 on line 1, insert new section to read:

* Sec __. AS 39.30.160 is amended by adding a new subsection to read:

(f) Employees for whom special individual benefit accounts are established under AS 39.30.150(c) but who are not directly enrolled in the state supplemental annuity plan through their employer, shall be afforded the option of purchasing supplemental benefits listed in (a) of this section. The department of administration shall establish procedures to accommodate these members through the department's normal open enrollment process.

AMENDMENT 10

W/D

OFFERED IN THE HOUSE FINANCE COMMITTEE

BY REP Weyhrauch /
Stoltze

TO: HCS CSSB 141 (STA)
24-LS0637\X

Page 58 on line 1, insert new section to read:

* Sec __. AS 39.30.160 is amended by adding a new subsection to read:

(f) Employees for whom special individual benefit accounts are established under AS 39.30.150 but who are not directly enrolled in the supplemental benefits program through their employer, shall be afforded the option of purchasing supplemental benefits listed in (a) of this section. The department of administration shall establish procedures to accommodate these members through the department's normal open enrollment process.

5/1/05 adopted
N/D

AMENDMENT 10 A

since 1 only

OFFERED IN THE HOUSE FINANCE COMMITTEE

BY REP

TO: HCS CSSB 141 (STA)
24-LS0637X

Page 57 following line 6 insert new section to read:

* Sec __. AS 39.30.150 is amended to read:

(c) An employee who is enrolled in the State of Alaska Supplemental Annuity Plan may voluntarily elect additional wage reductions to be paid into special individual employee benefit accounts in the Department of Administration. Money in these accounts may only be used to purchase benefits selected by the employee under the supplemental benefits plan established under AS 39.30.160 [BY THE ADMINISTRATOR].

(d) An employee first hired in a position covered by the public employees retirement system on or after July 1, 2005, whose employer is not a participant in the State of Alaska Supplemental Annuity Plan, may voluntarily elect additional wage reductions under (c) of this section to purchase benefits under AS 39.30.160(a)(2) and (3). The employer shall transmit the employee wage reductions to the Department of Administration in accordance with regulations established by the administrator.

Page 57 on line 18 replace existing Sec. 75 with the following language

* Sec. 75. AS 39.30.160(a) is amended to read:

(a) The Department of Administration shall, in accordance with policies prescribed by regulations [OF THE PUBLIC EMPLOYEES RETIREMENT BOARD], provide to employees for whom special individual employee benefit accounts are established under AS 39.30.150(c) or AS 39.30.150(d) the following benefit options:

- (1) supplemental health benefits;[.]
- (2) supplemental death benefits;[.]
- (3) supplemental disability benefits;[.] and
- (4) supplemental dependent care benefits.

Page 57 following Line 27 insert new section to read:

* Sec __. AS 39.30.160(b) is amended to read:

(b) An employee may select the types and amounts of supplemental benefits to be purchased with the money deposited in the employee's special individual employee benefit accounts under AS 39.30.150(c) or AS 39.30.150(d). The selection must be from the benefit options listed in (a) of this section.

10A

Page 83 following line 10, insert new section to read:

* Sec __. AS 39.35.735 Access to supplemental benefits. (a) An employee may voluntarily elect to purchase supplemental benefits as established under AS 39.30.160. The department of administration shall accommodate participating employees through the department's normal open enrollment process. The employee may only select from the benefit options established by the department and shall pay for the benefits through payroll deductions. As necessary, the department of administration shall establish individual employee benefit accounts into which payroll deductions are deposited. Money in these accounts may only be used to purchase benefits selected by the employee under this section.

(b) Only employees who are enrolled directly through a qualified employer may participate in the State of Alaska Supplemental Annuity Plan established under AS 39.30.150.

5/11/05

failed

5/2

AMENDMENT 11

OFFERED IN THE HOUSE
TO: HCS CS SB 141 (STA)
24-LS0637\X

BY REPRESENTATIVE KELLY

- 1 Page 59, lines 24-27
- 2 Delete all material
- 3 Insert
- 4 "If a person who has not met the eligibility requirements of AS 14.25.470 or AS
- 5 39.35.870 returns to employment with a participating employer within 10 years after
- 6 the date of termination, the person's account balance shall be restored in the amount
- 7 recorded on the date of termination from the trust, with interest.
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*Adopted
no lobby*

AMENDMENT 12

OFFERED IN THE HOUSE
TO: HCS CS SB 141 (STA)
24-LS0637\X

BY REPRESENTATIVE KELLY

- 1 Page 27, lines 8-11
- 2 Delete all material
- 3
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Adopted
no lobby

24-LS0637X.6
Craver
4/28/05

AMENDMENT 13

OFFERED IN THE HOUSE
TO: HCS CSSB 141(STA)

Rep. Kelly

1 Page 112, following line 7:

2 Insert a new bill section to read:

3 "* Sec. 143. The uncodified law of the State of Alaska is amended by adding a new section
4 to read:

5 CONDITIONAL RETROACTIVITY. If secs. 1 - 9, 12, 15 - 18, 20 - 86, 93 - 104,
6 106 - 111, and 113 - 130 of this Act take effect after July 1, 2005, secs. 1 - 9, 12, 15 - 18, 20 -
7 86, 93 - 104, 106 - 111, and 113 - 130 of this Act are retroactive to July 1, 2005."

8
9 Renumber the following bill sections accordingly.

10

11 Page 112, line 10:

12 Delete "Section 142 of this Act takes"

13 Insert "Sections 142 and 143 of this Act take"

14

15 Page 112, line 11:

16 Delete "secs. 143 and 144"

17 Insert "secs. 144 and 145"

AMENDMENT

14

~~Adopted~~ W/D

3/11 pgs

CSSB 141 ~~...~~ BTA

Weyhrawch

CONCEPTUAL

For any employee hired after the effective date of this act, who is killed or disabled in the course of their employment, the provisions of AS 14.25.157, 160, 162 or 39.35.410, 415, 420, 430, and 440 as they existed before the effective date of this act, shall apply.

(A)

WD

24-LS0637X.5
Craver
4/27/05

15

AMENDMENT,
(conform to Finance Committee Substitute)

OFFERED IN THE HOUSE

BY REPRESENTATIVE WEYHRAUCH

TO: HCS CSSB 141(STA)

1 Page ~~112~~¹¹⁰, following line ~~7~~¹⁵:

2 Insert a new bill section to read:

3 "* Sec. 143. The uncodified law of the State of Alaska is amended by adding a new section
4 to read:

5 CONDITIONAL RETROACTIVITY. If secs. 1 - 9, 12, 15 - 18, 20 - 86, 93 - 104,
6 106 - 111, and 113 - 130 of this Act take effect after July 1, 2005, secs. 1 - 9, 12, 15 - 18, 20 -
7 86, 93 - 104, 106 - 111, and 113 - 130 of this Act are retroactive to July 1, 2005."

8
9 Renumber the following bill sections accordingly.

10
11 Page 112, line 10:

12 Delete "Section 142 of this Act takes"

13 Insert "Sections 142 and 143 of this Act take"

14
15 Page 112, line 11:

16 Delete "secs. 143 and 144"

17 Insert "secs. 144 and 145"

AMENDMENT

16
Adopted
no lobby

OFFERED IN THE HOUSE

BY REPRESENTATIVE WEYHRAUCH

TO: HCS CSSB 141(STA)

1 Page 11, line 4:

2 Delete "110"

3 Insert "105"

4

5 Page 11, line 14:

6 Delete "110"

7 Insert "105"

8

9 Page 78, line 1:

10 Delete "110"

11 Insert "105"

failed 4-7
AMENDMENT 17

OFFERED IN THE HOUSE

BY REPRESENTATIVE WEYHRAUCH

TO: HCS CSSB 141(STA)

1 Page 18, line 20, following "accounts.", through page 19, line 1?:

2 Delete all material.

3 Insert "The board shall invest the assets of the individual accounts under

4 AS 37.10.210."

5

6 Page 49, lines 15 - 16:

7 Delete all material.

8

9 Reletter the following subparagraphs accordingly.

10

11 Page 49, line 18, following "Plan);":

12 Insert "and"

13

14 Page 49, lines 19 - 20:

15 Delete all material.

16

17 Reletter the following subparagraph accordingly.

18

19 Page 85, line 30, following "accounts.", through page 86, line 23:

20 Delete all material.

21 Insert "The board shall invest the assets of the individual accounts under

22 AS 37.10.210."

HOUSE FINANCE
COMMITTEE

DATE: 4-30-05

Amendment: Amend. 17

MEMBER

Favor

Oppose

WEYRAUCH	✓	
CROFT		✓
FOSTER		✓
HAWKER	✓	
HOLM		✓
JOULE	✓	
KELLY		✓
MOSES	✓	
STOLTZE		✓
CHENAULT		✓
MEYER		✓

4

7

AMENDMENT

18 w) D

OFFERED IN THE HOUSE

BY REPRESENTATIVE WEYHRAUCH

TO: HCS CSSB 141(STA)

- 1 Page 15, line 20:
- 2 Delete "eight percent"
- 3 Insert "11 percent"
- 4
- 5 Page 16, line 10:
- 6 Delete "4.5 percent"
- 7 Insert "8.25 percent"
- 8
- 9 Page 82, line 31:
- 10 Delete "eight percent"
- 11 Insert "11 percent"
- 12
- 13 Page 83, line 20:
- 14 Delete "4.5 percent"
- 15 Insert "8.25 percent"

Failed 5-4

5/1/05

AMENDMENT

19

amended

Weyhrauch

CSSB 141 (STA)

Employer contribution rates into the PERS/TRS system may not exceed increases of 2% per year.

^ or decreases

Failed 5-5

AMENDMENT

20

amended

Weyhrauch

CSSB 141 (STA)

Add a new section to read:

Resulting in New Plan Tiers

- a. The measures adopted by this act shall sunset on June 1, 2006.
- b. Subsection a. shall be repealed if the Legislature has addressed and implemented a long-term solution to the State's PERS/TERS retirement and health benefit plan systems that deal with the unfunded liability of those systems, to ensure the long-term security of current and retired employees of the PERS/TERS system and the long term viability of the PERS/TERS system.
- c. To address the solution described in subsection b. the Legislature shall consider and implement measures that include, but are not limited to:
 - 1. employer contributions;
 - 2. bonding;
 - 3. refined actuarial analyses; and
 - 4. contributions from other state sources.

adopted N/O

AMENDMENT

21

~~amended~~

Weyhrauch

CSSB 141 (STA)

Amend Section 1 as follows.

The uncodified law of the State of Alaska is amended by adding a new section to read:

The division of retirement and benefits to implement by regulation cost-saving measures appropriate to current and future retirees in the health care system. This includes ^{but not limited to} using manufacturer's rebates, co-pay levels, and multi-tiered co-payment structures; mandating the use of generic drugs; determining the type of drug classes in a formulary; dispensing fees; mandating or providing incentives for mail order pharmaceuticals; using a reduction in the average wholesale price; providing case management services for certain users of pharmaceuticals; capping the number of prescriptions filled each month; and restricting the number of refills that users can have at one time.

AMENDMENT

21

Adopted
no lobby

Weyhrauch

CSSB 141 (STA)

Amend Section 1 as follows.

The uncodified law of the State of Alaska is amended by adding a new section to read:

The division of retirement and benefits to implement by regulation cost-saving measures appropriate to current and future retirees in the health care system. This includes using manufacturer's rebates, co-pay levels, and multi-tiered co-payment structures; mandating the use of generic drugs; determining the type of drug classes in a formulary; dispensing fees; mandating or providing incentives for mail order pharmaceuticals; using a reduction in the average wholesale price; providing case management services for certain users of pharmaceuticals; capping the number of prescriptions filled each month; and restricting the number of refills that users can have at one time.

2

Failed

5-6

5-1-05

AMENDMENT

changed

22

Weyhrauch

CSSB 141 (STA)

Delete section ~~37~~³⁵-50.

Renumber accordingly