

CS FOR HOUSE BILL NO. 21(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 5/3/23

Referred: Finance

Sponsor(s): REPRESENTATIVES VANCE, McCabe, McKay

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to group insurance coverage and self-insurance coverage for school**
2 **district employees, employees of the University of Alaska, and employees of other**
3 **governmental units in the state; and providing for an effective date."**

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

5 * **Section 1.** AS 14.08.101 is amended to read:

6 **Sec. 14.08.101. Powers.** A regional school board may

7 (1) sue and be sued;

8 (2) contract with the department, the Bureau of Indian Affairs, or any
9 other school district, agency, or regional board for the provision of services, facilities,
10 other supplies, or utilities;

11 (3) determine its own fiscal procedures, including policies and
12 procedures for the purchase of supplies and equipment; the regional school boards are
13 exempt from AS 37.05 (Fiscal Procedures Act) and AS 36.30 (State Procurement
14 Code);

(4) appoint, compensate, and otherwise control all school employees in accordance with this title; these employees are not subject to AS 39.25 (State Personnel Act);

(5) adopt regulations governing organization, policies, and procedures for the operation of the schools;

(6) establish, maintain, operate, discontinue, and combine schools subject to the approval of the commissioner;

(7) recommend to the department projects for construction, rehabilitation, and improvement of schools and education-related facilities as specified in AS 14.11.011(b), and plan, design, and construct the project when the responsibility for it is assumed under AS 14.11.020;

(8) by resolution adopted by a majority of all the members of the board and provided to the commissioner of the department, assume ownership of all land and buildings used in relation to the schools in the regional educational attendance area, as provided for in AS 14.08.151(b);

(9) provide housing for rental to teachers, by leasing existing housing from a local agency or individual, by entering into contractual arrangements with a local agency or individual to lease housing that will be constructed by the local agency or individual for that purpose, or, without using for the purpose that portion of public school funding that consists of state aid provided under AS 14.17, by constructing or otherwise acquiring housing that is owned and managed by the regional educational attendance area for rental to teachers;

(10) employ a chief school administrator;

(11) apply for and use the proceeds of a loan from the Alaska energy efficiency revolving loan fund (AS 18.56.855);

(12) **establish and maintain participation in a policy of insurance as authorized by AS 14.27.010;**

(13) exercise those other functions that may be necessary for the proper performance of its responsibilities.

* **Sec. 2.** AS 14.14.090 is amended to read:

Sec. 14.14.090. Duties of school boards. In addition to other duties, a school

1 board shall

2 (1) determine and disburse the total amount to be made available for
 3 compensation of all school employees and administrative officers, **including, when**
 4 **applicable, the amount necessary to pay for the district's participation in a policy**
 5 **of insurance under AS 14.27.010;**

6 (2) provide for, during the school term of each year, an educational
 7 program for each school age child who is enrolled in or a resident of the district;

8 (3) withhold the salary for the last month of service of a teacher or
 9 administrator until the teacher or administrator has submitted all summaries, statistics,
 10 and reports that the school board may require by bylaws;

11 (4) transmit, when required by the assembly or council but not more
 12 often than once a month, a summary report and statement of money expended;

13 (5) keep the minutes of meetings and a record of all proceedings of the
 14 school board in a pertinent form;

15 (6) keep the records and files of the school board open to inspection by
 16 the public at the principal administrative office of the district during reasonable
 17 business hours;

18 (7) establish procedures for the review and selection of all textbooks
 19 and instructional materials at least once every 10 years, including textbooks and
 20 curriculum materials for statewide correspondence programs, before they are
 21 introduced into the school curriculum; the review includes a review for violations of
 22 AS 14.18.060; nothing in this paragraph precludes a correspondence study student, or
 23 the parent or guardian of a correspondence study student, from privately obtaining or
 24 using textbooks or curriculum material not provided by the school district;

25 (8) provide prospective employees with information relating to the
 26 availability and cost of housing in rural areas to which they might be assigned, and,
 27 when possible, assist them in locating housing; however, nothing in this paragraph
 28 requires a school district to provide teacher housing, whether district owned, leased,
 29 rented, or through other means, nor does it require a school board to engage in a
 30 subsidy program of any kind regarding teacher housing;

31 (9) train persons required to report under AS 47.17.020, in the

1 recognition and reporting of child abuse, neglect, and sexual abuse of a minor;

2 (10) provide for the development and implementation of a preventive
3 maintenance program for school facilities; in this paragraph, "preventive maintenance"
4 means scheduled maintenance actions that prevent the premature failure or extend the
5 useful life of a facility, or a facility's systems and components, and that are cost-
6 effective on a life-cycle basis;

7 (11) establish procedures for providing the training under
8 AS 14.18.060, AS 14.20.149, 14.20.680, AS 14.30.355, 14.30.356, 14.30.362,
9 AS 14.33.100, AS 18.66.310, and AS 47.17.022; the procedures established under this
10 paragraph must include a training schedule that ensures that not less than 50 percent of
11 the total certificated staff employed by the district receive all of the training not less
12 than every two years and that all of the certificated staff employed by the district
13 receive all of the training not less than every four years.

14 * **Sec. 3.** AS 14.17.300 is amended by adding new subsections to read:

15 (c) Notwithstanding (a) and (b) of this section, the commissioner of
16 administration

17 (1) may expend from the public education fund to the group health and
18 life benefits fund under AS 39.30.095 amounts necessary for the commissioner of
19 administration to pay claims submitted by district employees who are covered by a
20 policy of self-insurance that is provided by the Department of Administration under
21 AS 39.30.091;

22 (2) shall, over a period of 10 years from the date the first expenditure
23 authorized under this subsection occurs, reimburse the public education fund for
24 money expended under this section from the public education fund using
25 appropriations for that purpose.

26 (d) Total expenditures from the public education fund under (c) of this section
27 may not exceed \$100,000,000.

28 * **Sec. 4.** AS 14 is amended by adding a new chapter to read:

29 **Chapter 27. University and School District Employee Health Insurance.**

30 **Sec. 14.27.010. University and school district employee group health**
31 **insurance.** (a) A school employer may elect to participate in a policy of insurance

1 selected by the commissioner of administration that includes health insurance
2 coverage of school employees. If a school employer makes that election, the
3 commissioner of administration shall select either a policy of group insurance under
4 AS 39.30.090 that covers state employees and school employees, or a policy of self-
5 insurance, provided by the Department of Administration under AS 39.30.091, that
6 provides insurance coverage to state employees and school employees.

7 (b) Subject to (e) of this section, a participating school employer shall
8 contribute to the group health and life benefits fund established under AS 39.30.095 an
9 amount equal to the rate of employer contribution and the rate of employee
10 contribution set by the commissioner of administration under AS 39.30.095.

11 (c) In addition to the contribution required under (b) of this section and the
12 reimbursement required under (d) of this section, a participating school employer shall
13 reimburse the Department of Administration an amount equal to the state's cost, if any,
14 of procuring necessary excess loss insurance in connection with coverage of the
15 school employees under AS 39.30.091.

16 (d) In addition to the contribution required under (b) of this section and the
17 reimbursement required under (c) of this section, a participating school employer shall
18 reimburse the Department of Administration the cost of paying insurance claims for
19 the first four months school employees are covered by a policy of self-insurance under
20 AS 39.30.091. The commissioner of administration shall allow the reimbursement to
21 be made in equal installments over a period not to exceed 10 years from the date the
22 school employer's participation in the policy begins.

23 (e) Subject to AS 23.40.070 - 23.40.260 (Public Employee Relations Act), a
24 participating school employer may require school employees to pay some or all of the
25 school employer's contribution under (b) of this section and reimbursement under (c)
26 and (d) of this section.

27 (f) In this section,

28 (1) "school employee" means a person employed by a municipal
29 school district, a regional educational attendance area, or the University of Alaska;

30 (2) "school employer" means a municipal school district, a regional
31 educational attendance area, or the University of Alaska.

1 * **Sec. 5.** AS 14.40.170(b) is amended to read:

2 (b) The Board of Regents may

3 (1) adopt reasonable rules, orders, and plans with reasonable penalties
4 for the good government of the university and for the regulation of the Board of
5 Regents;

6 (2) determine and regulate the course of instruction in the university
7 with the advice of the president;

8 (3) set student tuition and fees;

9 (4) receive university receipts and, subject to legislative appropriation,
10 expend university receipts in accordance with AS 37.07 (Executive Budget Act);

11 (5) apply for and use the proceeds of a loan from the Alaska energy
12 efficiency revolving loan fund (AS 18.56.855);

13 **(6) establish and maintain participation in an insurance policy that**
14 **includes health insurance, as authorized under AS 14.27.010, to cover persons**
15 **employed by the university.**

16 * **Sec. 6.** AS 39.30.090(a) is amended to read:

17 (a) The Department of Administration may obtain a policy or policies of group
18 insurance covering state employees, persons entitled to coverage under AS 14.25.168,
19 14.25.480, AS 22.25.090, AS 39.35.535, 39.35.880, or former AS 39.37.145,
20 employees of other participating governmental units, or persons entitled to coverage
21 under AS 23.15.136, subject to the following conditions:

22 (1) a group insurance policy shall provide one or more of the following
23 benefits: life insurance, accidental death and dismemberment insurance, weekly
24 indemnity insurance, hospital expense insurance, surgical expense insurance, dental
25 expense insurance, audiovisual insurance, or other medical care insurance;

26 (2) each eligible employee of the state **or other participating**
27 **governmental unit and** [,] the spouse and the unmarried children chiefly dependent
28 on the eligible employee for support [, AND EACH ELIGIBLE EMPLOYEE OF
29 ANOTHER PARTICIPATING GOVERNMENTAL UNIT] shall be covered by the
30 group policy, unless exempt under regulations adopted by the commissioner of
31 administration;

1 (3) a governmental unit may participate under a group policy if

2 (A) its governing body adopts a resolution authorizing
3 participation and payment of required premiums;

4 (B) a certified copy of the resolution is filed with the
5 Department of Administration; and

6 (C) the commissioner of administration approves the
7 participation in writing;

8 (4) in procuring a policy of group health or group life insurance as
9 provided under this section or excess loss insurance as provided in AS 39.30.091, the
10 Department of Administration shall comply with the dual choice requirements of
11 AS 21.86.310, and shall obtain the insurance policy from an insurer authorized to
12 transact business in the state under AS 21.09, a hospital or medical service corporation
13 authorized to transact business in this state under AS 21.87, or a health maintenance
14 organization authorized to operate in this state under AS 21.86; an excess loss
15 insurance policy may be obtained from a life or health insurer authorized to transact
16 business in this state under AS 21.09 or from a hospital or medical service corporation
17 authorized to transact business in this state under AS 21.87;

18 (5) the Department of Administration shall make available bid
19 specifications for desired insurance benefits or for administration of benefit claims and
20 payments to (A) all insurance carriers authorized to transact business in this state
21 under AS 21.09 and all hospital or medical service corporations authorized to transact
22 business under AS 21.87 who are qualified to provide the desired benefits; and (B)
23 insurance carriers authorized to transact business in this state under AS 21.09, hospital
24 or medical service corporations authorized to transact business under AS 21.87, and
25 third-party administrators licensed to transact business in this state and qualified to
26 provide administrative services; the specifications shall be made available at least once
27 every five years; the lowest responsible bid submitted by an insurance carrier, hospital
28 or medical service corporation, or third-party administrator with adequate servicing
29 facilities shall govern selection of a carrier, hospital or medical service corporation, or
30 third-party administrator under this section or the selection of an insurance carrier or a
31 hospital or medical service corporation to provide excess loss insurance as provided in

1 AS 39.30.091;

2 (6) if the aggregate of dividends payable under the group insurance
3 policy exceeds the governmental unit's share of the premium, the excess shall be
4 applied by the governmental unit for the sole benefit of the employees;

5 (7) a person receiving benefits under AS 14.25.110, AS 22.25,
6 AS 39.35, or former AS 39.37 may continue the life insurance coverage that was in
7 effect under this section at the time of termination of employment with the state or
8 participating governmental unit;

9 (8) a person electing to have insurance under (7) of this subsection
10 shall pay the cost of this insurance;

11 (9) for each permanent part-time employee electing coverage under
12 this section, the state shall contribute one-half the state contribution rate for permanent
13 full-time state employees, and the permanent part-time employee shall contribute the
14 other one-half;

15 (10) a person receiving benefits under AS 14.25, AS 22.25, AS 39.35,
16 or former AS 39.37 may obtain auditory, visual, and dental insurance for that person
17 and eligible dependents under this section; the level of coverage for persons over 65
18 shall be the same as that available before reaching age 65 except that the benefits
19 payable shall be supplemental to any benefits provided under the federal old age,
20 survivors, and disability insurance program; a person electing to have insurance under
21 this paragraph shall pay the cost of the insurance; the commissioner of administration
22 shall adopt regulations implementing this paragraph;

23 (11) a person receiving benefits under AS 14.25, AS 22.25, AS 39.35,
24 or former AS 39.37 may obtain long-term care insurance for that person and eligible
25 dependents under this section; a person who elects insurance under this paragraph
26 shall pay the cost of the insurance premium; the commissioner of administration shall
27 adopt regulations to implement this paragraph;

28 (12) each licensee holding a current operating agreement for a vending
29 facility under AS 23.15.010 - 23.15.210 shall be covered by the group policy that
30 applies to governmental units other than the state.

31 * **Sec. 7.** AS 39.30.090(b)(2) is amended to read:

(2) "governmental unit" means the state, a municipality, a school district, the University of Alaska, or other political subdivision of the state, and the North Pacific Fishery Management Council;

* **Sec. 8.** AS 39.30.090(b) is amended by adding a new paragraph to read:

(4) "school district" means a municipal school district or regional educational attendance area.

* **Sec. 9.** AS 39.30.090 is amended by adding a new subsection to read:

(c) When the Department of Administration receives a resolution from a governmental unit authorizing participation under a state group insurance policy, before the commissioner of administration approves the participation, the department shall investigate the potential cost of admitting the unit, including whether as a result of admitting the unit the rates of eligible employees will increase or decrease, and provide actuarial analysis to the legislature.

* **Sec. 10.** AS 39.30.091 is amended to read:

Sec. 39.30.091. Authorization for self-insurance and excess loss insurance.

Notwithstanding AS 21.86.310 or AS 39.30.090, the Department of Administration may provide, by means of self-insurance, one or more of the benefits listed in AS 39.30.090(a)(1) for [STATE] employees eligible under AS 39.30.090(a) [FOR THE BENEFITS BY LAW] or under a collective bargaining agreement and for persons receiving benefits under AS 14.25, AS 22.25, AS 39.35, or former AS 39.37, and their dependents. The department shall procure any necessary excess loss insurance under AS 39.30.090.

* **Sec. 11.** AS 39.30.091 is amended by adding a new subsection to read:

(b) If the department is required by (a) of this section to procure excess loss insurance in connection with coverage of employees who are not state employees, the department may allocate the cost of that insurance across all employers, other than the state, that participate in self-insurance provided by the department under this section.

* **Sec. 12.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. Sections 1 - 11 of this Act apply to a contract or collective bargaining agreement that becomes legally binding on or after the effective date of secs. 1 -

1 11 of this Act.

2 * **Sec. 13.** The uncoded law of the State of Alaska is amended by adding a new section to
3 read:

4 TRANSITION. Not later than 30 days after enrolling in a health care plan
5 administered by the state under AS 39.30.090 or 39.30.091, a governmental unit that, before
6 the effective date of this section, maintains a self-funded insurance reserve for the purpose of
7 paying employee health insurance claims shall transfer the closing balance of that reserve to
8 the group health and life benefits fund under AS 39.30.095. An amount transferred under this
9 section by a governmental unit that is a school district shall be applied to offset
10 reimbursement owed by that school district under AS 14.27.010(d), enacted by sec. 4 of this
11 Act. In this section, "governmental unit" has the meaning given in AS 39.30.090(b).

12 * **Sec. 14.** The uncoded law of the State of Alaska is amended by adding a new section to
13 read:

14 REGULATIONS. The commissioner of administration shall adopt regulations
15 necessary to implement the changes made by this Act. The regulations may not take effect
16 before the effective date of the law implemented by the regulation.

17 * **Sec. 15.** Sections 13 and 14 of this Act take effect immediately under AS 01.10.070(c).

18 * **Sec. 16.** Except as provided in sec. 15 of this Act, this Act takes effect July 1, 2024.