

SENATE BILL NO. 142

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY SENATOR GIESSEL BY REQUEST

Introduced: 3/24/25

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to municipal and state group health insurance plans and policies,**
2 **including self-insured plans and policies, and the administration and management of**
3 **pharmacy benefits; and providing for an effective date."**

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

5 * **Section 1.** AS 29.10.200 is amended by adding a new paragraph to read:

6 (68) AS 29.20.420 (health care insurance plans).

7 * **Sec. 2.** AS 29.20 is amended by adding a new section to article 5 to read:

8 **Sec. 29.20.420. Health care insurance plans.** (a) Except as provided in (c) of
9 this section, a municipality that offers a group health care insurance plan covering
10 municipal employees, including by means of self-insurance, and the plan's pharmacy
11 benefits manager are subject to AS 21.27.901 - 21.27.975 and AS 21.36.520.

12 (b) This section applies to home rule and general law municipalities.

13 (c) This section does not apply to a health care insurance plan subject to the
14 provisions of 29 U.S.C. 1001 - 1191 (Employee Retirement Income Security Act of

1 1974).

2 (d) In this section, "health care insurance plan" has the meaning given in
3 AS 21.54.500.

4 * **Sec. 3.** AS 39.30.090(a) is amended to read:

5 (a) The Department of Administration may obtain a policy or policies of group
6 insurance covering state employees, persons entitled to coverage under AS 14.25.168,
7 14.25.480, AS 22.25.090, AS 39.35.535, 39.35.880, or former AS 39.37.145,
8 employees of other participating governmental units, or persons entitled to coverage
9 under AS 23.15.136, subject to the following conditions:

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

14 (2) each eligible employee of the state, the spouse and the unmarried
15 children chiefly dependent on the eligible employee for support, and each eligible
16 employee of another participating governmental unit shall be covered by the group
17 policy, unless exempt under regulations adopted by the commissioner of
18 administration;

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

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

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

24 (C) the commissioner of administration approves the
25 participation in writing;

26 (4) in procuring a policy of group health or group life insurance as
27 provided under this section or excess loss insurance as provided in AS 39.30.091, the
28 Department of Administration shall comply with the dual choice requirements of
29 AS 21.86.310, and shall obtain the insurance policy from an insurer authorized to
30 transact business in the state under AS 21.09, a hospital or medical service corporation
31 authorized to transact business in this state under AS 21.87, or a health maintenance

1 organization authorized to operate in this state under AS 21.86; an excess loss
 2 insurance policy may be obtained from a life or health insurer authorized to transact
 3 business in this state under AS 21.09 or from a hospital or medical service corporation
 4 authorized to transact business in this state under AS 21.87;

5 (5) the Department of Administration shall make available bid
 6 specifications for desired insurance benefits or for administration of benefit claims and
 7 payments to (A) all insurance carriers authorized to transact business in this state
 8 under AS 21.09 and all hospital or medical service corporations authorized to transact
 9 business under AS 21.87 who are qualified to provide the desired benefits; and (B)
 10 insurance carriers authorized to transact business in this state under AS 21.09, hospital
 11 or medical service corporations authorized to transact business under AS 21.87, and
 12 third-party administrators licensed to transact business in this state and qualified to
 13 provide administrative services; the specifications shall be made available at least once
 14 every five years; the lowest responsible bid submitted by an insurance carrier, hospital
 15 or medical service corporation, or third-party administrator with adequate servicing
 16 facilities shall govern selection of a carrier, hospital or medical service corporation, or
 17 third-party administrator under this section or the selection of an insurance carrier or a
 18 hospital or medical service corporation to provide excess loss insurance as provided in
 19 AS 39.30.091;

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

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

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

29 (9) for each permanent part-time employee electing coverage under
 30 this section, the state shall contribute one-half the state contribution rate for permanent
 31 full-time state employees, and the permanent part-time employee shall contribute the

1 other one-half;

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

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

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

18 **(13) a group health insurance policy covering employees of a**
19 **participating governmental unit, except for a group health insurance policy**
20 **subject to the provisions of 29 U.S.C. 1001 - 1191 (Employee Retirement Income**
21 **Security Act of 1974), is subject to AS 21.27.901 - 21.27.975 and AS 21.36.520,**
22 **including requirements relating to administration and management of pharmacy**
23 **benefits under the policy.**

24 * Sec. 4. AS 39.30.091 is amended to read:

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

26 Notwithstanding AS 21.86.310 or AS 39.30.090, the Department of Administration
27 may provide, by means of self-insurance, one or more of the benefits listed in
28 AS 39.30.090(a)(1) for state employees eligible for the benefits by law or under a
29 collective bargaining agreement and for persons receiving benefits under AS 14.25,
30 AS 22.25, AS 39.35, or former AS 39.37, and their dependents. The department shall
31 procure any necessary excess loss insurance under AS 39.30.090. **Except for a health**

1 insurance plan subject to the provisions of 29 U.S.C. 1001 - 1191 (Employee
2 Retirement Income Security Act of 1974), a self-insured group health insurance
3 plan covering active state employees provided under this section and the plan's
4 pharmacy benefits manager are subject to AS 21.27.901 - 21.27.975 and
5 AS 21.36.520, including requirements relating to administration and
6 management of pharmacy benefits under the plan.

7 * **Sec. 5.** This Act takes effect January 1, 2026.