AN ACT

Relating to the Comprehensive Health Insurance Association; granting a 50 percent premium tax credit for assessments against members of the Comprehensive Health Insurance Association; requiring members to provide information to the association's board of directors or the director of the division of insurance; modifying voting rights for the association members by basing their exercise on a member's share of assessments; basing assessments on major medical premiums; modifying the manner of determining members' liabilities for losses; and changing the definition of "major medical" coverage for purpose of state health insurance and providing for exclusions to major medical coverage.

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

THE ACT FOLLOWS ON PAGE 1
AN ACT

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*Section 1.* AS 21.09.210 is amended by adding a new subsection to read:

(p) A qualified insurer is entitled to a premium tax credit under AS 21.55.220.
* Sec. 2. AS 21.55.010 is amended adding a new subsection to read:
   (b) A member shall submit reports and provide information required by the board or the director to implement this chapter as a condition of transacting business in the state.

* Sec. 3. AS 21.55.020(c) is amended to read:
   (c) In determining voting rights at association meetings, an association member is entitled to vote in person or by proxy. The vote shall be a weighted vote based on the association member's share of assessments as determined under AS 21.55.220 [PREMIUMS FOR HEALTH INSURANCE FOR MAJOR MEDICAL COVERAGE ON AN EXPENSE INCURRED BASIS, OR THE ASSOCIATION MEMBER'S SUBSCRIBER FEES, DERIVED FROM OR ON BEHALF OF STATE RESIDENTS IN THE PREVIOUS CALENDAR YEAR, AS DETERMINED BY THE DIRECTOR].

* Sec. 4. AS 21.55.220(c) is amended to read:
   (c) Each member of the association shall share the losses due to claims expenses of the state plans issued or approved for issuance by the association, and shall share in the operating and administrative expenses incurred or estimated to be incurred by the association incident to the conduct of its affairs. Claims expenses of the state plan that exceed the premium payments allocated to the payment of benefits shall be the liability of the members. Each member shall share in the claims expense of the state plans and operating and administrative expenses of the association in an amount equal to the ratio of the member's [TOTAL FEES FOR SUBSCRIBER CONTRACTS OR] total major medical [HEALTH INSURANCE] premiums, received from or on behalf of state residents, as divided by the total major medical [SUBSCRIBER FEES AND HEALTH INSURANCE] premiums received by all members from or on behalf of state residents, as determined by the director.

* Sec. 5. AS 21.55.220(d) is amended to read:
   (d) The board shall make an annual determination of each member's liability, if any, and may make an annual fiscal year end assessment if necessary. The board may also [, SUBJECT TO THE APPROVAL OF THE DIRECTOR,] provide for interim assessments against the members as may be necessary to assure the financial
capability of the association in meeting the incurred or estimated claims expenses of
the state plans and operating and administrative expenses of the association until the
association's next annual fiscal year end assessment. Payment of an assessment is due
within 30 days after receipt by a member of written notice of a fiscal year end or interim assessment. A member who fails to pay a fiscal year end or interim assessment as required in this subsection (1) shall pay a civil penalty to the director in the amount of $100 for each day the member fails to pay the required assessment, and (2) may have the member's certificate of authority revoked by the director. A member that ceases to do [HEALTH INSURANCE] business in the state [, OR CEASES TO OFFER SUBSCRIBER CONTRACTS IN THE STATE, DUE TO REVOCATION, SUSPENSION, OR VOLUNTARY SURRENDER OF ITS CERTIFICATE OF AUTHORITY,] remains liable for assessments until the board determines under (c) of this section that no assessment is due [THROUGH THE CALENDAR YEAR THAT THE HEALTH INSURANCE BUSINESS CEASED]. The board may decline to levy an assessment against a member if the assessment would be minimal. Assessments paid by a member are a general expense of the member.

* Sec. 6. AS 21.55.220 is amended by adding a new subsection to read:

(f) A member may offset 50 percent of the amount of the assessment under this section as a premium tax credit reducing the premium tax payable by the member under AS 21.09.210. The offset shall apply to the tax levied for the calendar year following an annual determination of each member's liability under (d) of this section. The offset may not reduce the premium tax payable by a member to less than zero or create a premium tax credit for the member. An unused offset may be carried over to the immediately following calendar year.

* Sec. 7. AS 21.55.500(14) is repealed and reenacted to read:

(14) "major medical"

(A) means health insurance or medical care coverage provided on an expense incurred basis, including Medicare supplement insurance;

(B) does not include coverage for dental only, vision only, long-term care, nursing home care, home health care, community-based care, accident only, disability income, hospital confinement indemnity or other fixed
indemnity, or credit, specified disease or specified accident, or other
supplemental health insurance or coverage determined by the board not to
constitute major medical and approved by the director;

* Sec. 8. The uncodified law of the State of Alaska is amended by adding a new section to
read:

    APPLICABILITY. The provisions of sec. 6 of this Act apply to offset the premium
tax payable under AS 21.09.210 on March 1, 2008, based on assessments for the previous
year's determination of each member's liability, and shall continue annually thereafter.