## Section by Section Summary of SB 70 *1/27/11- Corresponds with version \B*

Below is a description of key components, section by section, in Senate Bill 70.

***Section 1** of the legislation, found on page 1 through page 2 line 5, provides intent language for this legislation.* It highlights the importance of **connecting individuals and small businesses with quality health insurance policies**, to **reduce the number of uninsured Alaskans.**

***Section 2** of the legislation, found on page 2 line 6 through page 17 line 6, establishes the Alaska Health Benefit Exchange.*

**Section 21.54.200** (page 2 lines 8-11) sets up the health benefit exchange as a public corporation of the state, much like the permanent fund corporation.

**Section 21.51.210** (Page 2 line 12 through Page 3 line 15) establishes the board which will manage the Alaska Health Benefit Exchange. The board consists of 13 members, with 12 representing various stakeholders, each serving 3 year terms and appointed by the Governor. The Commissioner of Health and Social Services, or their designee, will serve on the committee ex officio.

The remaining language in this section lays out disclosure requirements, procedures in case of a vacancy, and other technical aspects of the board. In addition, it authorizes the board to hire an Executive Director, who can hire staff to implement this legislation.

**Section 21.54.220** (Page 3 line 16 to Page 9 line 13**)** outlines the powers and duties of the Alaska Health Benefit exchange.

(a)1 and (a)2 outline the primary duty of the exchange **to facilitate the purchase and sale of qualified health plans**. (Definitions of qualified individuals, employers and plans can be found on pages 15 and 16 of this bill.)

(a)3 and (a)13 both establish the **Small Business Health Options Program** (known as SHOP), which connects employees of small business with health coverage in a new 'pool.' In addition, SHOP connects small businesses that offer health coverage to employees with tax credits.

(a)4 provides for a **telephone call center to assist individuals**.

(a)5 requires that 'enrollment periods,' also known as open seasons, are held annually to facilitate the changing of health insurance policies. These **open seasons encourage competition** and allow individuals to move from one plan to another while reducing the potential for 'adverse selection.'

(a)6 provides for the **creation of an internet marketplace** to connect individuals with health insurance coverage.

(a)7 provides for certification and decertification of health plans sold through the exchange.

(a)8 and (a)9 requires the exchange to **compare health plans on metrics of quality and price**.

(a)10 requires the exchange to use a **standardized format of presenting health benefit options** in the exchange, to assist consumers with comparing products.

(a)11 requires the exchange to **determine potential eligibility for state or local medical assistance programs, such as Medicaid and Denali KidCare**. If qualified, **the exchange will assist with the enrollment process**.

(a)12 establishes a **tax credit calculator** to help individuals know the cost of health coverage, after assistance is applied.

(a)14 requires that **the exchange exempts Alaskans from the requirement to retain health insurance if certain criteria is met**. As an example, these exemptions will occur when an affordable insurance policy isn't available to an individual, after tax credits are applied.

(a)(15)(A) shares information about individuals exempted from the health insurance requirement. (a)(15)(B) shares information about employees who aren't offered affordable health coverage through employment. (a)(15)(C) shares information about employees who cease to have employer coverage due to a change in employment.

(a)16 notifies an employer when an employee receives premium assistance from the government, either because the employer doesn't offer a plan, or offers a plan which doesn't meet minimum standards or is unaffordable.

(a)17 explicitly states that the exchange will assist consumers by determining **eligibility for premium tax credits, reduced-cost sharing, or exemptions from the insurance mandate**.

(a)18 sets up the framework for **Navigator Grants**. These grants can be pursued by most organizations or trade groups for the purposes of helping the exchange fulfill its goals. **Navigator duties include enrollment assistance, information sharing, and assistance with dispute resolution.**

(a)19 requires the board to consider the rate of premium growth within and outside the exchange, in an effort to **evaluate the effect and benefit of incorporating larger employers within SHOP exchange**.

(a)20 asks the board to consider policy and procedures that **minimize adverse selection,** both inside the exchange and between plans sold within and outside the exchange.

(a)21 requires the exchange to provide credit for any **'free choice voucher' that an employer provides an employee for the purpose of covering premium costs**.

(a)22 requires the exchange to **consult with stakeholders**.

(a)23 and (a)24 **outline accounting procedures** and submission of receipts for review, to both federal and state stakeholders. (a)25 allows for cooperation with any investigation or audit by the Secretary of Health and Human Services.

(a)26 allows a health insurer to offer a limited dental plan as part of a qualified health plan, so long as pediatric dental benefits are included.

(a)27 requires the exchange to apply for planning and establishment grants for the Exchange. **Grants of up to $1 million have been awarded to each of 48 states** to date for planning.

(a)28 requires the exchange board to offer recommendations about **potential interstate compacts that would permit the sale and purchase of health insurance across state lines**.

Proposed subsection (b)1, found on page 8 lines 21-27, allow the exchange to contract out some of the responsibilities outlined in this legislation.

Proposed subsection (b)2 allows the exchange to share information with federal and state agencies, provided that confidentiality protections consistent with state and federal laws are upheld.

Proposed subsection (b)3 allows the exchange to receive grants to finance operations.

Proposed subsection (c) prohibits certain expenses to keep costs down for consumers.

Subsection (d) ensures individuals won't be penalized if they change coverage because they are newly eligible for that coverage, or if employer sponsored coverage becomes affordable.

**Proposed Section 21.54.230** of the new title, found on page 9 line 14 through page 13 line 7, relates to health plan certification.

Subsection (a) outlines requirements of a qualified health plan, and the insurers offering such plans.

(a)(1) allows flexibility for an insurer to include or not include adult dental benefits, so long as one supplemental dental plan is included within the exchange.

(a)(2) requires that premium rates and plan language are approved.

(a)(3) requires plans to meet certain **quality guidelines in terms of the actuarial value** to a consumer, except in instances where catastrophic plans are sufficient to protect an individual from financial hardship.

(a)(4) meets **cost sharing and deductible assistance requirements** which protect consumers.

(a)(5) and (a)(6) require that an insurer in the exchange offer plans which meet certain quality metrics, and that they charge the **same rates for similar policies inside and outside the exchange**.

(a)(7) requires the exchange to determine that making the plan available through the exchange **is in the interest of employers and individuals**.

Subsection (b) specifies that an exchange cannot exclude a plan because it is fee-for-service, through price controls, or because a plan pays for lifesaving treatments.

Subsection (c)(1) **requires an insurer to justify any premium increase** prior to implementing the premium increase. This justification must be shared with the public, and the exchange will consider these premium increases when determining whether to certify plans.

Subsection (c)2 and (c)3 requires insurers to **provide the public with fiscal, claim, rating, and enrollment data**, in instances when disclosure is consistent with privacy laws. It requires insurers to release cost data, including cost sharing paid by the consumer, for a specific item or service under a health insurance policy.

Subsection (d) makes it clear that state insurance laws regarding solvency and licensing are still applicable to plans within the exchange, and that insurers are treated equally.

Subsection (e) relates to dental benefits under the law, and the flexibility of plans under reform in this area.

**Proposed section 21.54.240**, found on page 13 lines 8-15, relates to exchange funding. It requires the **exchange to finance itself after being established**. The cost of this financing must be disclosed on the exchange website.

**Proposed section 21.54.250**, found on page 13 lines 16-21, allows the exchange to adopt regulations.

**Proposed section 21.54.260**, found on page 13 lines 22-28, requires insurers to honor state health insurance laws as established.

**Section 21.54.270**, found on page 13 line 29 through page 17 line 6, provide definitions of some terms used in this act.

**Section 3 of the legislation**, found on page 17 lines 7-9, adds employees of the exchange to the list of partially exempt service.

**Section 4 of the legislation**, on page 18 lines 1-2, defines the Executive Director of the exchange as a public official.

**Section 5 of the legislation**, on page 18 lines 3-4, adds the Alaska Health Benefit Exchange Board to the list of state commissions or boards.

**Section 6 of the legislation**, on page 18 lines 5-15, outlines transitional provisions relating to board terms.

**Section 7 of the legislation**, on page 18 lines 16-22, gives the ability to draft regulations to the Exchange board, under the Administrative Procedure Act, though they won't take effect until the effective date of statutory changes.

**Sections 8 of the legislation,** on page 18 lines 23-24, provides for a July 1, 2011 effective date for the exchange board, the duties of the board, and the board's ability to make regulations.

**Section 9 of the legislation,** on page 18 line 25, make certain transitional provisions effective immediately.

**Section 10 of the legislation,** on page 18 line 26, makes the remainder of the act effective on July 1, 2012. This is when health plan certification would begin under the legislation.