



THE STATE  
*of* **ALASKA**  
GOVERNOR SEAN PARNELL

Department of Commerce, Community,  
and Economic Development

DIVISION OF INSURANCE  
Anchorage Office

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**BULLETIN B 13-09**

TO: ALL INSURERS AUTHORIZED TO TRANSACT HEALTH INSURANCE IN THE STATE OF ALASKA AND OTHER INTERESTED PARTIES

RE: NON-GRANDFATHERED INSURANCE POLICIES AND HEALTH PLANS

The purpose of this bulletin is to remind all insurance companies, health maintenance organizations, and hospital medical service corporations ("carriers") issuing non-grandfathered policies or plans that, barring amendments to the Patient Protection and Affordable Care Act (PPACA) or its implementing regulations, policies and plans issued or renewed on or after January 1, 2014 must be in compliance with the PPACA requirements.

The Division continues to stand ready to work with insurance companies to provide choice and affordable options in order to meet the health insurance needs of Alaskan consumers. This includes renewal or extension on or before 12/31/2013 of non-grandfathered policies or plans.

Dated this 21th day of November, 2013, at Anchorage, Alaska.

Bret S. Kolb  
Bret S. Kolb  
Director

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# United States Senate

WASHINGTON, DC 20510

March 5, 2014

The Honorable Sean Parnell  
Governor  
State of Alaska  
PO Box 110001  
Juneau, AK 99811-0001

Ms. Lori Wing-Heier  
Division Director  
State of Alaska Division of Insurance  
333 Willoughby Avenue  
Juneau, AK 99801

Dear Governor Parnell and Director Wing-Heier:

I write regarding the President's announcement today to allow consumers to keep their current health insurance plans if they choose. As you know, it is now up to the State of Alaska to approve the option for insurance carriers to extend the option of allowing Alaskans to keep their current coverage. I urge you to act quickly to give carriers the option of extending plans to Alaskans. Your quick action would provide much-needed certainty to insurance carriers as they set their rates for 2015, and give more choice to Alaska families and small businesses.

I continue to work to make sure Alaskans who like their coverage can keep it with minimum disruption to the insurance marketplace. I cosponsored legislation to allow individuals to keep their plans, and I pushed the President toward today's announcement to extend the transition policy of allowing consumers to keep their plans.

While I believe extending plans is in the best interest of many Alaskans, I also believe we need a more permanent solution to allow consumers to purchase more affordable plans that also include the new consumer protections made available by the *Affordable Care Act*. This is why I have introduced the *Expanded Consumer Choice Act*, which creates a new tier of so-called "copper" health plans to give consumers more choice and affordable options. I will continue to work to improve the private health insurance marketplace for Alaskans. As I do so, I hope you will act to make available the option for Alaskans to keep their plans.

Thank you for your attention to this important matter. I look forward to your decision.

Sincerely,



Mark Begich  
United States Senator



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GOVERNOR SEAN PARNELL

**Department of Commerce, Community,  
and Economic Development**

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**BULLETIN B 14-03**

**TO: ALL INSURERS AUTHORIZED TO TRANSACT HEALTH INSURANCE IN THE  
STATE OF ALASKA AND OTHER INTERESTED PARTIES**

**RE: NON-GRANDFATHERED PLAN EXTENDED TRANSITION**

On November 21, 2013 the Alaska Division of Insurance issued Bulletin B 13-09 reminding all insurance companies, health maintenance organizations, and hospital medical service corporations issuing non-grandfathered policies or plans that, barring amendments to the Patient Protection and Affordable Care Act (PPACA) or its implementing regulations, policies and plans issued or renewed on or after January 1, 2014 must be in compliance with the PPACA requirements. Bulletin 13-09 also clarified that insurers could offer to early renew or extend existing policies or plans on or before December 31, 2013.

On March 5, 2014 CMS issued an Insurance Standards Bulletin providing for an extension of the transitional period for non-grandfathered coverage in the small group and individual health insurance markets. According to this CMS bulletin, non-grandfathered health insurance coverage in the individual or small group market that is renewed for a policy year starting on or before October 1, 2016 will not be considered out of compliance with certain federal requirements if certain specific conditions are met. As also noted in the CMS bulletin, the transitional policy applies to the large employer group market for those employers with 51 to 100 employees.

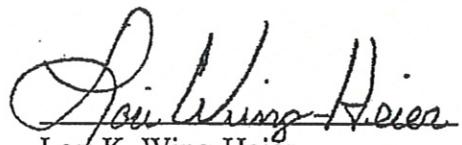
To the extent that insurers choose to renew non-grandfathered plans pursuant to the transition policy, this transitional policy would give Alaskans additional and possibly more affordable coverage options. Therefore, the state will allow insurers to renew non-grandfather plans as set forth in the CMS March 5, 2014 Insurance Standards Bulletin for both the individual and small group markets and, as applicable, the eligible portion of the large group market.

Keep in mind that health insurance rates must be filed with the Division at least 45 days prior to the proposed effective date of the rates. Insurers that choose to take advantage of the transition

plan and therefore plan to offer renewal of non-grandfathered plans must submit rates for this non-grandfathered business as required under 3 AAC 31.235.

Bulletin B 14-03 supersedes Bulletin B 13-09.

Dated March 28, 2014



Lori K. Wing-Heier

Director



THE STATE  
of **ALASKA**  
GOVERNOR SEAN PARNELL

**Department of Commerce, Community,  
and Economic Development**

OFFICE OF THE COMMISSIONER

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June 2, 2014

The Honorable Kathleen Sebelius  
Secretary  
U.S. Department of Health and Human Services  
200 Independence Avenue, SW  
Washington, DC 20201

Dear Secretary Sebelius:

Please consider this letter as a request from the State of Alaska for a one-year transition in the implementation of employee choice from the Federally-facilitated Small Business Health Options Program (FF-SHOP). Alaska has only two insurers likely to participate in the FF-SHOP; the majority of the small groups being underwritten by Premera Blue Cross Blue Shield of Alaska. They have advised us that participation in the FF-SHOP could result in a significant impact to the cost of the health care plans selected by the employees. Adverse selection is the primary driver behind the increase, but the insurers are equally concerned with the lack of credible historical data needed to price insurance as well as other factors.

As recent as last week, the Anchorage Daily News, featured an article where several small group employers emphasized their financial struggle with the cost of available health care plans and providing such for their employees. Small businesses play a major role in the Alaska economy and statistics show that close to 95% of the private employers are the small group employers that would be so deeply impacted by the FF-SHOP. Any increase in the cost to their health care plans will have a deep effect on their financial stability.

While neither of the two insurers in the federally facilitated exchange has filed their proposed rates for 2015, both have indicated that there will be increases to the currently available plans. An additional increase as a result of the implementation of employee choice could be disastrous to these small group employers and their ability to provide health care plans to their employees.

Alaska is a large state with a small population. Unlike many states in the Lower 48, we have a very limited number of insurers willing to underwrite insurance because of our small population. In addition the cost of health care in Alaska is amongst the highest in the nation which results in equally high cost of health insurance. It is not in the best interest of the Alaska economy, our small employers or their employees that employee choice be implemented in 2015.

After much thought and in consideration of the above, it is my opinion that the small group employers and their employees will be better served if there is a one-year transition in the implementation of employee choice for the FF-SHOP.

If you have any questions please do not hesitate to contact our director of the Division of Insurance, Lori Wing-Heier at 907-269-7900.

Respectfully Submitted,

A handwritten signature in black ink that appears to read "Susan Bell".

Susan Bell  
Commissioner

Cc: Lori K. Wing-Heier, Director, Division of Insurance

# Recommendation Form for the 2015 Transition to Employee Choice Due to HHS June 2, 2014 for FF-SHOP States

**Instructions:** Please fill out the following form and attach your recommendation for a one year transition to employee choice including an evidence-based assessment of the full landscape of the small group market in your State.

**State:** Alaska

**Insurance Commissioner (signature):**



Lori K. Wing-Heier, Director  
Division of Insurance  
State of Alaska

*Please adequately explain that it is in your expert judgment, based on a documented assessment of the full landscape of the small group market in your State that the 2015 Transition to Employee Choice would be in the best interest of small employers and their employees and dependents, given the likelihood that implementing employee choice would cause issuers to price their products and plans higher than they would otherwise price them. Please base your recommendation on discussions with those issuers expected to participate in the SHOP, including naming those issuers, and keep your recommendations specific to 2015 since this is a one year transitional policy.*

**See attached letter.**