



**HB 374 – Reinsurance Program; Health Insurance
Waivers Sectional Analysis**

Section 1. AS 21.55.220(c) is amended to allocate the assessment necessary to fund the reinsurance losses on the basis of enrollment. The current structure of ACHIA provides for the assessments on a percentage of premium basis; meaning that those insurers writing more premium pay the larger assessments regardless of the number of covered lives they may have. Conversely, an insurer, particularly an insurer writing only stop-loss insurance, may have very little premium but a large number of covered lives. The intent of this subsection amendment is to distribute the assessment on an equal basis to all insureds on a per member/per month basis.

Sec 2. AS 21.55.220(f) is amended to clarify that any assessment made against an ACHIA member (as defined in AS 21.55.010) by ACHIA (to fund the reinsurance losses from the reinsurance program established by regulation for reinsuring residents who are high risks) will not be subject to an offset of 50 percent that otherwise would have applied against the member's premium tax. Unlike the current high risk pool, where members are allowed to offset 50 percent of their ACHIA assessment when remitting their premium tax, the reinsurance assessments would not be eligible for the premium tax credit. While a premium tax credit was a benefit to the ACHIA members to support ACHIA when it was created to provide the only means for Alaskans to gain access to healthcare insurance at the time, the premium tax credit is not being proposed to be extended to the reinsurance assessments due to the economic outlook of the State of Alaska at this point in time.

Sec. 3. AS 21.55.500 (20) amends the definition of "residents who are high risks" by deleting the requirement that the person be unable to obtain insurance coverage substantially similar to that which may be obtained by a person who is considered a standard risk. Under the ACA, an insurer is no longer allowed to deny coverage to a person based on a pre-existing condition making this part of statute a moot point. Deleting this language enables the creation of the reinsurance program and provides the director of insurance with the flexibility needed in designing the program by authorizing the director to supplement the definition of "residents who are high risk".

Sec 4. AS 21.55.500 provides a definition of "covered lives" which is based on the definition that currently exists in Title 23.

Sec. 5. AS 21.96 is amended by adding a new section to allow for a waiver for state innovation. Under the ACA, states may submit an application to the Secretary of the United States Department of Health and Human Services requesting a waiver from certain provisions of the Act. In order to receive this waiver, the state must have enabling legislation and Sec. AS 21.96.120 provides that the director of the Division of Insurance may apply for a waiver and, if granted, implement a state plan meeting the waiver requirements in a manner consistent with state and federal law.

Sec. 6. Provides for an immediate effective date.