

# Alaska State Legislature

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## Senate Labor and Commerce Committee

### Explanation of Changes in CSSB 70 (L&C) (27-LS0286\I)

- On page 2 of the CS, the legislation reworks the Exchange board. It replaces the original board of 13 voting members with a board of 7 voting members.

Members of the board include:

- o HSS Commissioner, or their designee
- o A representative of small employers
- o A representative of the health care insurance business
- o A member with expertise in health plan financing
- o A member with expertise in health plan administration
- o A health care actuary, or someone with similar economic experience
- o A consumer representative

In addition, the director of the Division of Insurance acts as a non-voting member.

- On Page 3 of the CS, new subsection (i) confirms that board members won't be civilly or criminally liable for an act or omission, if it was within the scope of the board member's duties and was done in good faith
- On Page 3 lines 18-20 *of the original draft*, (a)1 and (a)2 had some overlap. The new CS on page 3 only retains a(2), and as a result, renumbers (a)1 through (a)22.
- Page 3 line 31 – Page 4 line 4 require the Division of Insurance to implement procedures relating to health plan certification, recertification and decertification. **Before, this was a responsibility of the Exchange board.**
- Page 4 lines 5-9 require the Division of Insurance to rate each qualified health plan. **Before, this was a responsibility of the Exchange board.**
- Page 4 lines 10-14 require the Division of Insurance to determine the level of each qualifying plan. **Before, this was a responsibility of the Exchange board.**
- Page 6 lines 13-17 places the Navigator grant program under the Division of Insurance. **Before, this program was a responsibility of the Exchange board.**

- On page 6 line 26-28, the legislation directs complaints about health benefit plans to the Division of Insurance, and not the federal government like the old draft.
- Page 7 lines 1-4 requires the Division of Insurance to review the rate of premium growth inside and outside the exchange, and to provide recommendations whether expanding the size of small employer from 50-100 for the purpose of the SHOP marketplace makes sense for Alaskans. **Before, this was a responsibility of the Exchange board.**
- Page 7 lines 5-8 requires the Division of Insurance to develop policies and procedures to minimize adverse selection within the exchange, and between plans sold inside and outside the exchange. **Before, this was a responsibility of the Exchange board.**
- Page 7 lines 26-29 gives the board the authority to establish advisory groups to provide expertise and input about exchange operations. It doesn't specify the makeup of these advisory groups.
- Page 8 lines 1 – 13 establishes a new annual accounting report. The report reviews new enrollment, changes in enrollment, tax credits, and individual responsibility exemptions, broken down by insurer by benefit plan where applicable.
- Page 8 lines 14-23 now requires the exchange to cooperate with an investigation by the Division of Insurance. The legislation still requires cooperation with federal investigations.
- Page 9 lines 2-5 states that the exchange will rely on the Division of Insurance's determination relating to the potential for interstate compacts. The division will recommend particular compact arrangements for legislative approval.
- Page 9 lines 6-28 requires the exchange board to establish a plan of operation, which is reviewed and approved by the director of the Division of Insurance. If a suitable plan isn't developed, this new subsection allows for the director to adopt reasonable regulations to carry out the responsibilities of the exchange.
- Page 14 lines 17-18 have been changed to clarify that user fees from health care insurers offering health benefit plans will be relied upon to finance the exchange.
- Page 14 lines 24-25 have been changed to give the Division of Insurance authority to adopt regulations to implement their authority under the legislation.
- Page 19 lines 25-27 have been changed to give the director of the Division of Insurance the ability to adopt regulations, but such regulations won't be in effect until the effective date of statutory changes.
- Page 19 line 31 has been modified to make the transitional provisions related to board terms effective on July 1, 2011. Before, the bill gave those transitional provisions an immediate effective date, under section 9 of the legislation.