

SENATE BILL NO. 206

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-NINTH LEGISLATURE - SECOND SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 3/25/16

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to a reinsurance program for residents who are high risks and insurer**
2 **assessments to cover the costs of the reinsurance program; relating to application for**
3 **state innovation waivers for health care insurance; relating to definitions of 'residents**
4 **who are high risks' and 'covered lives'; and providing for an effective date."**

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

6 *** Section 1.** AS 21.55.220(c) is amended to read:

7 (c) Each member of the association shall share the losses due to claims
8 expenses of the state plans issued or approved for issuance by the association; each
9 member of the association shall share the losses of a reinsurance program established
10 by regulations adopted under AS 21.55.400 reinsuring residents who are high risks;
11 and each member of the association shall share in the operating and administrative
12 expenses incurred or estimated to be incurred by the association incident to the
13 conduct of its affairs. Claims expenses of the state plan that exceed the premium
14 payments allocated to the payment of benefits shall be the liability of the members.

1 Each member shall share in the claims expense of the state plans **and** [,] the operating
 2 and administrative expenses of the association [, AND THE LOSSES OF A
 3 REINSURANCE PROGRAM ESTABLISHED BY REGULATIONS ADOPTED
 4 UNDER AS 21.55.400 REINSURING RESIDENTS WHO ARE HIGH RISKS,] in an
 5 amount equal to the ratio of the member's total major medical premiums, received
 6 from or on behalf of state residents, as divided by the total major medical premiums
 7 received by all members from or on behalf of state residents, as determined by the
 8 director. **Each member shall share the losses of a reinsurance program established**
 9 **by regulations adopted under AS 21.55.400 reinsuring residents who are high**
 10 **risks, in an amount equal to the ratio of the member's total number of covered**
 11 **lives who are state residents, as divided by the total number of covered lives who**
 12 **are state residents from all members, as determined by the director.**

13 * **Sec. 2.** AS 21.55.220(f) is amended to read:

14 (f) **Except for the amount of the assessment under a reinsurance program**
 15 **established by regulations adopted under AS 21.55.400 for reinsuring residents**
 16 **who are high risks, a** [A] member may offset 50 percent of the amount of the
 17 assessment under this section as a premium tax credit reducing the premium tax
 18 payable by the member under AS 21.09.210. The offset shall apply to the tax levied
 19 for the calendar year following an annual determination of each member's liability
 20 under (d) of this section. The offset may not reduce the premium tax payable by a
 21 member to less than zero or create a premium tax credit for the member. An unused
 22 offset may be carried over to the immediately following calendar year. An offset made
 23 under this subsection is not subject to AS 21.09.270.

24 * **Sec. 3.** AS 21.55.500(20) is amended to read:

25 (20) "residents who are high risks" means residents who

26 (A) have been rejected for medical reasons after applying for a
 27 subscriber contract, a policy of health insurance, or a Medicare supplement
 28 policy by at least one association member within the six months immediately
 29 preceding the date of application for a state plan; medical reasons may include
 30 preexisting medical conditions, a family history that predicts future medical
 31 conditions, or an occupation that generates a frequency or severity of injury or

1 disease that results in coverage not being generally available;

2 (B) have had a restrictive rider placed on a subscriber contract,
3 a health insurance policy, or a Medicare supplement policy that substantially
4 reduces coverage; or

5 (C) meet other requirements adopted by regulation by the
6 director that are consistent with this chapter [AND THAT INDICATE THAT
7 A PERSON IS UNABLE TO OBTAIN COVERAGE SUBSTANTIALLY
8 SIMILAR TO THAT WHICH MAY BE OBTAINED BY A PERSON WHO
9 IS CONSIDERED A STANDARD RISK];

10 * **Sec. 4.** AS 21.55.500 is amended by adding a new paragraph to read:

11 (24) "covered lives" means the total number of individuals who are
12 entitled to benefits under a health insurance policy or other contract covering major
13 medical.

14 * **Sec. 5.** AS 21.96 is amended by adding a new section to read:

15 **Sec. 21.96.120. Waiver for state innovation.** The director may apply to the
16 Secretary of the United States Department of Health and Human Services for waiver
17 of applicable provisions of Pub. L. 111-148 (Patient Protection and Affordable Care
18 Act) under 42 U.S.C. 18052 with respect to health insurance coverage within the state
19 for plan years beginning on or after January 1, 2017. The director is authorized to
20 implement a state plan meeting the waiver requirements in a manner consistent with
21 state and federal law and as approved by the Secretary of the United States
22 Department of Health and Human Services.

23 * **Sec. 6.** This Act takes effect immediately under AS 01.10.070(c).