



LAWS OF ALASKA

2006

Source

CSHB 29(L&C)(title am)

Chapter No.

AN ACT

Relating to the Comprehensive Health Insurance Association; granting a 50 percent premium tax credit for assessments against members of the Comprehensive Health Insurance Association; requiring members to provide information to the association's board of directors or the director of the division of insurance; modifying voting rights for the association members by basing their exercise on a member's share of assessments; basing assessments on major medical premiums; modifying the manner of determining members' liabilities for losses; and changing the definition of "major medical" coverage for purpose of state health insurance and providing for exclusions to major medical coverage.

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

THE ACT FOLLOWS ON PAGE 1

AN ACT

1 Relating to the Comprehensive Health Insurance Association; granting a 50 percent premium
2 tax credit for assessments against members of the Comprehensive Health Insurance
3 Association; requiring members to provide information to the association's board of directors
4 or the director of the division of insurance; modifying voting rights for the association
5 members by basing their exercise on a member's share of assessments; basing assessments on
6 major medical premiums; modifying the manner of determining members' liabilities for
7 losses; and changing the definition of "major medical" coverage for purpose of state health
8 insurance and providing for exclusions to major medical coverage.

9 _____
10 * **Section 1.** AS 21.09.210 is amended by adding a new subsection to read:

11 (p) A qualified insurer is entitled to a premium tax credit under AS 21.55.220.

1 * **Sec. 2.** AS 21.55.010 is amended adding a new subsection to read:

2 (b) A member shall submit reports and provide information required by the
3 board or the director to implement this chapter as a condition of transacting business
4 in the state.

5 * **Sec. 3.** AS 21.55.020(c) is amended to read:

6 (c) In determining voting rights at association meetings, an association
7 member is entitled to vote in person or by proxy. The vote shall be a weighted vote
8 based on the association member's share of assessments as determined under
9 AS 21.55.220 [PREMIUMS FOR HEALTH INSURANCE FOR MAJOR MEDICAL
10 COVERAGE ON AN EXPENSE INCURRED BASIS, OR THE ASSOCIATION
11 MEMBER'S SUBSCRIBER FEES, DERIVED FROM OR ON BEHALF OF STATE
12 RESIDENTS IN THE PREVIOUS CALENDAR YEAR, AS DETERMINED BY
13 THE DIRECTOR].

14 * **Sec. 4.** AS 21.55.220(c) is amended to read:

15 (c) Each member of the association shall share the losses due to claims
16 expenses of the state plans issued or approved for issuance by the association, and
17 shall share in the operating and administrative expenses incurred or estimated to be
18 incurred by the association incident to the conduct of its affairs. Claims expenses of
19 the state plan that exceed the premium payments allocated to the payment of benefits
20 shall be the liability of the members. Each member shall share in the claims expense
21 of the state plans and operating and administrative expenses of the association in an
22 amount equal to the ratio of the member's [TOTAL FEES FOR SUBSCRIBER
23 CONTRACTS OR] total major medical [HEALTH INSURANCE] premiums,
24 received from or on behalf of state residents, as divided by the total major medical
25 [SUBSCRIBER FEES AND HEALTH INSURANCE] premiums received by all
26 members from or on behalf of state residents, as determined by the director.

27 * **Sec. 5.** AS 21.55.220(d) is amended to read:

28 (d) The board shall make an annual determination of each member's liability,
29 if any, and may make an annual fiscal year end assessment if necessary. The board
30 may also [, SUBJECT TO THE APPROVAL OF THE DIRECTOR,] provide for
31 interim assessments against the members as may be necessary to assure the financial

1 capability of the association in meeting the incurred or estimated claims expenses of
2 the state plans and operating and administrative expenses of the association until the
3 association's next annual fiscal year end assessment. Payment of an assessment is due
4 within 30 days after [OF] receipt by a member of written notice of a fiscal year end or
5 interim assessment. A member who fails to pay a fiscal year end or interim assessment
6 as required in this subsection (1) shall pay a civil penalty to the director in the amount
7 of \$100 for each day the member fails to pay the required assessment, and (2) may
8 have the member's certificate of authority revoked by the director. A member that
9 ceases to do [HEALTH INSURANCE] business in the state [, OR CEASES TO
10 OFFER SUBSCRIBER CONTRACTS IN THE STATE, DUE TO REVOCATION,
11 SUSPENSION, OR VOLUNTARY SURRENDER OF ITS CERTIFICATE OF
12 AUTHORITY,] remains liable for assessments until the board determines under (c)
13 of this section that no assessment is due [THROUGH THE CALENDAR YEAR
14 THAT THE HEALTH INSURANCE BUSINESS CEASED]. The board may decline
15 to levy an assessment against a member if the assessment would be minimal.
16 Assessments paid by a member are a general expense of the member.

17 * **Sec. 6.** AS 21.55.220 is amended by adding a new subsection to read:

18 (f) A member may offset 50 percent of the amount of the assessment under
19 this section as a premium tax credit reducing the premium tax payable by the member
20 under AS 21.09.210. The offset shall apply to the tax levied for the calendar year
21 following an annual determination of each member's liability under (d) of this section.
22 The offset may not reduce the premium tax payable by a member to less than zero or
23 create a premium tax credit for the member. An unused offset may be carried over to
24 the immediately following calendar year.

25 * **Sec. 7.** AS 21.55.500(14) is repealed and reenacted to read:

26 (14) "major medical"

27 (A) means health insurance or medical care coverage provided
28 on an expense incurred basis, including Medicare supplement insurance;

29 (B) does not include coverage for dental only, vision only,
30 long-term care, nursing home care, home health care, community-based care,
31 accident only, disability income, hospital confinement indemnity or other fixed

1 indemnity, or credit, specified disease or specified accident, or other
2 supplemental health insurance or coverage determined by the board not to
3 constitute major medical and approved by the director;

4 * **Sec. 8.** The uncoded law of the State of Alaska is amended by adding a new section to
5 read:

6 APPLICABILITY. The provisions of sec. 6 of this Act apply to offset the premium
7 tax payable under AS 21.09.210 on March 1, 2008, based on assessments for the previous
8 year's determination of each member's liability, and shall continue annually thereafter.