



April 7, 2016

Senator Mia Costello
Chairman
Senate Labor and Commerce Committee
Pouch V
Juneau, Alaska 99801

Dear Senator Costello:

Aetna respectfully submits its comments regarding Senate Bill 206. We were not able to testify at the first hearing on the bill as we did not have sufficient lead time nor the financial information necessary to prepare a position. While Aetna recognizes the reasons for the losses incurred by Premiera and Moda for their individual ACA plans, Aetna must respectfully oppose this version of legislation that would spread those losses only to private insurance policy holders.

Alaska approximately has 200,000 private health insurance policies in place today that would pay for the cost of this legislation. Self-insured plans (including the state, federal and municipal governments) are exempt from paying assessments. Private policies once paid assessments for the State's high risk pool (ACHIA) before the Affordable Care Act when that risk pool was small and the cost of ACHIA insurance was fairly high. This legislation would change the law by allowing people who are able to buy insurance policies, many of which are subsidized, to enter ACHIA. The Division of Insurance estimates that these losses could run from \$21 million to \$74 million per year, depending upon decisions made by the Division through the regulatory process. With the high rate of inflation for Alaska medical costs, those losses could be reasonably expected to grow larger over time.

Aetna appreciates the issue the state is facing but effectively taxing the private insurance policy holders without a limit is not the best solution. We would encourage the state to look at other options funded by a broader range of payors to create a revenue stream to fund the high risk pool, while also researching the possibility of using federal waivers for the individual mandate, or at the very least placing a cap within the bill that does not give the administration unilateral authority to tax insurance companies at whatever level they deem necessary.

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Senator, Aetna is committed to protecting the integrity of serving Alaskans through our large and small group plans and third party administration of the AlaskaCare plan to state employees and retirees. We respectfully seek your careful consideration of SB 206 and continue to work with the Department of Insurance and all insurers on an agreeable solution for everyone.

If you have any questions please do not hesitate to reach out to me directly via email or phone.

Thanks for your attention to this matter.



B. Russell Harper
Senior Director