

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: HB 374
Fiscal Note Number:
() Publish Date:

Identifier: HB374CS(FIN)-DCCED-DOI-05-27-16
Title: REINSURANCE PROGRAM; HEALTH INS.
WAIVERS
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: (H) Finance

Department: Department of Commerce, Community and
Economic Development
Appropriation: Insurance Operations
Allocation: Insurance Operations
OMB Component Number: 354

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

| | FY2017 Appropriation Requested | Included in Governor's FY2017 Request | Out-Year Cost Estimates | | | | |
|------------------------|--------------------------------------|--|-------------------------|---------|---------|---------|---------|
| | | | FY 2017 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Personal Services | | | | *** | *** | *** | *** |
| Travel | | | | | | | |
| Services | | | | | | | |
| Commodities | | | | | | | |
| Capital Outlay | | | | | | | |
| Grants & Benefits | 55,000.0 | | | | | | |
| Miscellaneous | | | | | | | |
| Total Operating | 55,000.0 | 0.0 | *** | *** | *** | *** | *** |

Fund Source (Operating Only)

| | | | | | | | |
|----------------|-----------------|------------|-----|-----|-----|-----|-----|
| 1248 ACHI Fund | 55,000.0 | | | | | | |
| Total | 55,000.0 | 0.0 | *** | *** | *** | *** | *** |

Positions

| | | | | | | | |
|-----------|--|--|--|--|--|--|--|
| Full-time | | | | | | | |
| Part-time | | | | | | | |
| Temporary | | | | | | | |

| | | | | | | | |
|--------------------|--|--|-----|-----|-----|-----|-----|
| Change in Revenues | | | *** | *** | *** | *** | *** |
|--------------------|--|--|-----|-----|-----|-----|-----|

Estimated SUPPLEMENTAL (FY2016) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/17

Why this fiscal note differs from previous version:

Updated analysis to reflect the fund source as a new designated fund code, and updated analysis to reflect creation of a new fund.

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Agency: Division of Administrative Services, DCCED

Phone: (907)465-2560
Date: 05/27/2016 02:50 PM
Date: 05/27/16

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSHB 374(FIN)

Analysis

HB 374 amends AS 21.55.430, the Alaska Comprehensive Health Insurance Association (ACHIA), to allow legislative appropriation of insurance premium tax receipts collected by the Division of Insurance to fund the reinsurance program created in HB374.

In 2014 the division collected approximately \$74M in total receipts of which \$64M was premium taxes. Of that \$64M approximately \$5M transfers to the Department of Labor as a Workers' Compensation Service Fee as required under AS 23.05.067. The legislature could appropriate up to an estimated \$59M based on the division's 2015 annual report. Annual collections of premium taxes for the prior three fiscal years are: \$52 million in FY2013; \$55 million in FY2014; and \$64 million in FY2015.

The Alaska Comprehensive Health Insurance Fund will be created, as well as a new designated fund code. The Division of Insurance will enter into a grant agreement under AS37.05.316 with ACHIA to reimburse for claims paid in excess of policy premiums collected.

While there is no net change to revenue generated from premium taxes, premium taxes previously received and deposited into the general fund will instead be deposited in to the new fund, and used to fund the reinsurance program.

The operating expenses of the division are restricted funds and collected as licensing, surplus lines, risk-retention groups, purchasing groups certificate of authority, continuing education, examination expenses, fingerprinting and other fees in addition to retaliatory taxes, and do not come out of premium taxes.