



HB 374 – Version P
Reinsurance Program; Health Insurance Waivers
Sectional Analysis

Sec. 1. AS 22.55.320 is amended by adding a new subsection to require that the when a person with a disability, (as defined by Title XVIII of the Social Security Act) is to be referred by the insurer to ACHIA. ACHIA's administrator shall then request that the State of Alaska's Department of Health and Social Services provide the person with information about applying for any federal benefits that they may qualify for, such as Medicare or Medicaid.

Sec 2. AS 21.55.400 amends the duties of the director to allow the director to formulate and adopt regulations that are reasonably necessary to administer the chapter (ACHIA) and specify the covered conditions eligible for payment through appropriations from the Alaska comprehensive health insurance fund established under AS 21.55.430.

Sec. 3. AS 21.55.430 (a) amends the Alaska Comprehensive Health Insurance Association (ACHIA), Chapter 55, by creating the Alaska comprehensive health insurance fund and by providing that the Department of Administration, shall separately account for revenue collected as insurance premium tax under:

- AS 21.09.210 – Tax on insurers
- AS 21.33.055 – Unauthorized insurance premium
- AS.22.33.061 – Independently procured insurance
- AS 21.34.180 – Surplus lines
- AS 21.66.110 – Title insurance

The net proceeds shall then be deposited into the Alaska comprehensive health insurance fund. The Department of Administration shall deposit interest earned on the Alaska comprehensive health insurance fund into the general fund.

(b) provides that the legislature may use the annual balance in the Alaska comprehensive health insurance fund, as established in (a), to make appropriations to the Department of Commerce, Community, and Economic and Economic Development to fund the reinsurance program under Chapter 55.

(c) states that payment for claims under the reinsurance program is subject to appropriation.

(d) provides that money in the Alaska comprehensive health insurance fund does not lapse.

(e) states that the Alaska comprehensive health insurance fund is not a dedicated fund.

(f) defines net proceeds, as used in (a) to include the revenue under the taxes listed in (a) less all return premiums, less under AS 23.05.067, errors and other adjustments, penalties and interest on late payments.

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 potential would be that the legislature could appropriate up to an estimated \$59M based on the division's 2015 annual report.

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 are not be subject to this bill.

Sec. 4. AS 21.55.500 (20) amends the definition of "residents who are high risks" by deleting the requirement that the person be unable to obtain insurance coverage substantially similar to that which may be obtained by a person who is considered a standard risk. Under the ACA, an insurer is no longer allowed to deny coverage to a person based on a pre-existing condition making this part of statute a moot point. Deleting this language enables the creation of the reinsurance program and provides the director of insurance with the flexibility needed in designing the program by authorizing the director to supplement the definition of "residents who are high risk"

Sec. 5. AS 21.96 is amended by adding a new section to allow for a waiver for state innovation. Under the ACA, states may submit an application to the Secretary of the United States Department of Health and Human Services requesting a waiver from certain provisions of the Act. In order to receive this waiver, the state must have enabling legislation and Sec. AS 21.96.120 provides that the director of the Division of Insurance may apply for a waiver and, if granted, implement a state plan meeting the waiver requirements in a manner consistent with state and federal law.

Sec. 6. Provides for retroactivity for section 3.

Sec. 7. Provides for an immediate effective date.