

**CS FOR HOUSE BILL NO. 290(L&C)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 3/27/02

Referred: Finance

Sponsor(s): REPRESENTATIVE ROKEBERG

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to health care insurance and to the Comprehensive Health Insurance**  
2 **Association; and providing for an effective date."**

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

4 \* **Section 1.** AS 21.12.050(c) is amended to read:

5 (c) In this section, "stop-loss insurance" means insurance that protects a self-  
6 insured entity from the risk of paying medical benefits in excess of a specified  
7 amount [PURCHASED BY A SELF-INSURED EMPLOYER TO COVER  
8 BENEFITS THE EMPLOYER INCURS IN EXCESS OF A PRESET LIMIT].

9 \* **Sec. 2.** AS 21.55.010 is repealed and reenacted to read:

10 **Sec. 21.55.010. Creation; membership.** (a) There is established a nonprofit  
11 incorporated legal entity to be known as the Comprehensive Health Insurance  
12 Association. Membership consists of (1) health care insurers licensed or required to  
13 be licensed in this state that offer, issue for delivery, deliver, or renew major medical  
14 insurance in this state; and (2) to the extent permitted under federal law, all self-

1 insured entities that provide major medical benefits. All members shall maintain  
 2 membership in the association and submit reports and provide information required by  
 3 the board or the director to implement this chapter as a condition of offering, issuing  
 4 for delivery, delivering, or renewing health insurance in this state.

5 (b) A health care insurer that offers, issues for delivery, delivers, or renews  
 6 health insurance and a self-insured entity that provides major medical benefits in this  
 7 state are members of the Comprehensive Health Insurance Association, unless the  
 8 health care insurer or self-insured entity demonstrates to the satisfaction of the director  
 9 that the health care insurer has not offered, insured for delivery, delivered, or renewed  
 10 major medical insurance or the self-insured entity has not provided major medical  
 11 benefits in the state during the year in which assessments under AS 21.55.220(d) are  
 12 imposed on members.

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

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

22 \* **Sec. 4.** AS 21.55.140(b) is amended to read:

23 (b) A state plan may not provide coverage for a person eligible for major  
 24 medical **benefits** [COVERAGE] under

25 (1) another state or federal law, including veterans' benefits, Native  
 26 health care, or Medicaid; or

27 (2) another health benefit program, including a self-insurance plan,  
 28 health care trust, or welfare trust.

29 \* **Sec. 5.** AS 21.55.220(c) is repealed and reenacted to read:

30 (c) A member of the association is liable for its share of the claims, operating,  
 31 and administrative expenses of the state plans that exceed premium payments by

1 enrollees in the state plans, and the board shall assess each member its share. A  
2 member's share equals, in the case of a health care insurer, the number of covered  
3 lives for major medical insurance offered, issued for delivery, delivered, or renewed  
4 by the health care insurer or, in the case of a self-insured entity, the number of covered  
5 lives for major medical benefits provided by the self-insured entity in the state,  
6 divided by the total number of covered lives for major medical insurance offered,  
7 issued for delivery, delivered, or renewed by all health care insurers and for major  
8 medical benefits provided by all self-insured entities.

9 \* **Sec. 6.** AS 21.55.220 is amended by adding new subsections to read:

10 (f) A member shall, each year by April 1, file with the director a report of  
11 major medical insurance and major medical benefits on a form prescribed by the  
12 director. The report must include the number of covered lives at the beginning of the  
13 prior year, the number of covered lives at the end of the prior year, and the amount of  
14 premium reported for that type of major medical insurance in the state in the annual  
15 statement filed under AS 21.09.200 for, in the case of a health care insurer, each type  
16 of major medical insurance offered, issued for delivery, or delivered in the state in the  
17 prior year or, in the case of a self-insured entity, each type of major medical benefits  
18 provided in the state. A member shall exclude from the member's reported number of  
19 covered lives those lives that have been reported by the member, in the case of a  
20 health care insurer, under another type of major medical insurance or, in the case of a  
21 self-insured entity, under another type of program that provides major medical  
22 benefits. The director may require additional data to be filed as necessary for the  
23 board to determine or verify the number of covered lives. A member who fails to file  
24 the report as required in this subsection may have a civil penalty of \$100 assessed  
25 against it for each day the member fails to file the required report and may have the  
26 member's certificate of authority revoked by the director.

27 (g) The board shall determine a member's share under (c) of this section based  
28 on the data filed with the director under (f) of this section. The board may use any  
29 reasonable method of estimating the number of covered lives if the specific number is  
30 unknown. The board shall, to the extent practicable, count each covered life only once  
31 with respect to an assessment.

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

2 (14) "major medical benefits" means hospital, surgical, or medical care  
3 benefits on an expense incurred basis and includes stop-loss insurance benefits; "major  
4 medical benefits" does not include medical benefits for dental only, vision only, long-  
5 term care, nursing home care, home health care, community-based care, accident only,  
6 disability income, hospital confinement indemnity, or credit insurance;

7 \* **Sec. 8.** AS 21.90.900 is amended by adding a new paragraph to read:

8 (43) "self-insured entity" means an employer, union, association, or  
9 other organization that provides medical care services or benefits to employees or  
10 members in this state, either directly or indirectly through a trust or third-party  
11 administrator, if the services or benefits are not provided by an insurance policy issued  
12 by an insurer.

13 \* **Sec. 9.** AS 39.30.095(b) is amended to read:

14 (b) After obtaining the advice of an actuary, the commissioner of  
15 administration shall determine the amount necessary to provide benefits under  
16 AS 39.30.090, 39.30.091, and 39.30.160 and, subject to (e) **and (g)** of this section,  
17 shall set the rate of employer contribution and employee contribution, if any. With  
18 money in the fund, the commissioner of administration shall pay premiums, claims,  
19 and administrative costs required under the insurance policies in effect under  
20 AS 39.30.090 and 39.30.160, or required under self-insurance arrangements in effect  
21 under AS 39.30.091.

22 \* **Sec. 10.** AS 39.30.095(e) is amended to read:

23 (e) Notwithstanding (b) of this section **and subject to (g) of this section**, the  
24 rate of employer contribution to provide hospital, surgical, dental, audiovisual, and  
25 other medical care benefits under AS 39.30.091 is \$515 monthly beginning July 1,  
26 2000; \$575 monthly beginning July 1, 2001; and \$630 monthly beginning July 1,  
27 2002, for the following employees and officials:

28 (1) employees in the executive branch of the state government,  
29 including the governor and lieutenant governor, who are not members of a collective  
30 bargaining unit established under the authority of AS 23.40.070 - 23.40.260 (Public  
31 Employment Relations Act);

1 (2) officials and employees of the legislative branch of state  
2 government under AS 24;

3 (3) employees in the judicial branch of state government, including  
4 magistrates and other judicial officers, who are not members of a collective bargaining  
5 unit established under AS 23.40.070 - 23.40.260 (Public Employment Relations Act).

6 \* **Sec. 11.** AS 39.30.095 is amended by adding a new subsection to read:

7 (g) In setting the rate of contribution by an employer and employee under (b)  
8 and (e) of this section, the commissioner may increase the amount of the employer  
9 contribution under (e) of this section and may exceed the amount set in that  
10 subsection, but may not increase the amount of the employee contribution if the  
11 amount necessary to provide benefits under AS 39.30.090 and 39.30.160, or for a self-  
12 insurance arrangement under AS 39.30.091, increases as a result of an assessment  
13 against the state as a member of the Comprehensive Health Insurance Association  
14 under AS 21.55.220.

15 \* **Sec. 12.** The uncodified law of the State of Alaska is amended by adding a new section to  
16 read:

17 TRANSITION. (a) Until January 1, 2003, the Comprehensive Health Insurance  
18 Association shall determine member assessments under AS 21.55.220(c) as that provision  
19 existed before the effective date of this Act.

20 (b) Notwithstanding AS 21.55.220(f), enacted by sec. 6 of this Act, information  
21 required to be reported under AS 21.55.220(f), enacted by sec. 6 of this Act, must initially be  
22 reported to the director of insurance by September 30, 2002.

23 \* **Sec. 13.** The uncodified law of the State of Alaska is amended by adding a new section to  
24 read:

25 TRANSITION: REGULATIONS. The director of insurance may immediately  
26 proceed to adopt regulations necessary to implement the changes made by this Act. The  
27 regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the  
28 effective date of the statutory change.

29 \* **Sec. 14.** This Act takes effect immediately under AS 01.10.070(c).