

CS FOR HOUSE BILL NO. 10(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 4/14/03

Referred: Health, Education and Social Services

Sponsor(s): REPRESENTATIVES HEINZE AND ROKEBERG, Gara, McGuire, Hawker, Foster, Stevens, Wilson, Seaton, Weyhrauch, Moses, Kerttula, Gruenberg, Anderson, Wolf

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to pooling by employers for purposes of group health insurance; and
2 providing for an effective date."

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

4 * **Section 1.** AS 21.54.060 is amended to read:

5 **Sec. 21.54.060. Group health insurance defined.** Group health insurance is
6 that form of health insurance covering groups of persons as defined below, with or
7 without one or more members of their families or one or more of their dependents, or
8 covering one or more members of the families or one or more dependents of the
9 groups of persons and issued upon the following basis:

10 (1) under a policy issued to an employer or trustees of a fund
11 established by an employer, who shall be considered the policyholder, insuring
12 employees of the employer for the benefit of persons other than the employer; in this
13 paragraph the term "employees" includes the officers, managers, and employees of the
14 employer, the individual proprietor or partner if the employer is an individual

1 proprietor or partnership, the officers, managers, and employees of subsidiary or
2 affiliated corporations, the individual proprietors, partners, and employees of
3 individuals and firms if the business of the employer and the individual or firm is
4 under common control through stock ownership, contract, or otherwise; in this
5 paragraph, "employees" may include retired employees; a policy issued to insure
6 employees of a public body may provide that the term "employees" includes elected or
7 appointed officials; the policy may provide that the term "employees" includes the
8 trustees or their employees, or both, if their duties are principally connected with the
9 trusteeship; a policy issued to insure employees of a corporation may provide that the
10 term "employees" includes directors of the corporation, whether or not the directors
11 receive compensation;

12 (2) under a policy issued to an association, including a labor union,
13 that has a constitution and bylaws and that has been organized and is maintained in
14 good faith for purposes other than that of obtaining insurance, insuring members,
15 employees, or employees of members of the association for the benefit of persons
16 other than the association or its officers or trustees; in this paragraph, the term
17 "employees" may include retired employees;

18 (3) under a policy issued to the trustees of a fund established by two or
19 more employers in the same or related industry or by one or more labor unions or by
20 one or more employers and one or more labor unions or by an association as defined
21 in (2) of this section, which trustees shall be considered the policyholder, to insure
22 employees of the employers or members of the unions or of the association, or
23 employees of members of the association, for the benefit of persons other than the
24 employers or the unions or the association; in this paragraph, the term "employees"
25 may include the officers, managers, and employees of the employer, and the individual
26 proprietor or partners if the employer is an individual proprietor or partnership; in this
27 paragraph, the term "employees" may include retired employees; the policy may
28 provide that the term "employees" includes the trustees or their employees, or both, if
29 their duties are principally connected with the trusteeship;

30 (4) under a policy issued to a person or organization to which a policy
31 of group life insurance may be issued or delivered in this state to insure a class or

1 classes of individuals that could be insured under the group life policy;

2 (5) under a policy issued to cover any other substantially similar group
3 that, in the discretion of the director, may be subject to the issuance of a group health
4 insurance policy or contract;

5 (6) a group health insurance policy that contains provisions for the
6 payment by the insurer of benefits for expenses incurred on account of hospital,
7 nursing, medical, or surgical services for members of the family or dependents of a
8 person in the insured group may provide for the continuation of the benefit provisions,
9 or a part or parts of them, after the death of the person in the insured group;

10 **(7) under a policy issued to an association of employers covering**
11 **the employees and dependents of the employees; an association of employers**
12 **under this paragraph shall comply with the following requirements:**

13 **(A) the association shall have a constitution and bylaws;**

14 **(B) the association shall be maintained in good faith for the**
15 **benefit of persons other than the association or its officers or trustees;**

16 **(C) membership in the association shall be restricted to a**
17 **large or small employer that is a resident of the state; however, an**
18 **employer domiciled in another state may become a member of the**
19 **association for purposes of obtaining coverage through the association**
20 **only for the employees and dependents of the employees of that employer**
21 **who are residents of this state;**

22 **(D) the association may not condition membership in the**
23 **association or coverage under a health insurance policy issued to the**
24 **association on any of the factors listed under AS 21.54.100(a).**

25 * **Sec. 2.** AS 21.56.120 is amended by adding a new subsection to read:

26 (e) In determining the premium rates for a small employer covered under an
27 association health insurance policy authorized under AS 21.54.060(7), a small
28 employer insurer may not use the claims experience of the small employer while the
29 employer was covered under another health insurance policy and may use only that
30 underwriting information obtained through the insurer's normal application process for
31 new small employer groups that are not written under the association plan.

1 * **Sec. 3.** This Act takes effect July 1, 2003.