

HOUSE BILL NO. 29

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE ROKEBERG

Introduced: 1/10/05

Referred: Labor and Commerce, Health, Education and Social Services

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9 *** Sec. 2.** AS 21.55.010 is repealed and reenacted to read: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 21.55.220(c) is repealed and reenacted to read:

23 (c) A member of the association is liable for its share of the claims, operating,
 24 and administrative expenses of the state plans that exceed premium payments by
 25 enrollees in the state plans, and the board shall assess each member its share. A
 26 member's share equals, in the case of a health care insurer, the number of covered
 27 lives for major medical insurance offered, issued for delivery, delivered, or renewed
 28 by the health care insurer or, in the case of a self-insured entity, the number of covered
 29 lives for major medical benefits provided by the self-insured entity in the state,
 30 divided by the total number of covered lives for major medical insurance offered,
 31 issued for delivery, delivered, or renewed by all health care insurers and for major

1 medical benefits provided by all self-insured entities.

2 * **Sec. 5.** AS 21.55.220 is amended by adding new subsections to read:

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

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

25 * **Sec. 6.** AS 21.55.500(14) is repealed and reenacted to read:

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

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

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

6 * **Sec. 8.** AS 39.30.095(b) is amended to read:

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

15 * **Sec. 9.** AS 39.30.095 is amended by adding a new subsection to read:

16 (g) In setting the rate of contribution by an employer and employee under (b)
 17 of this section, the commissioner may not increase the amount of the employee
 18 contribution if the amount necessary to provide benefits under AS 39.30.090 and
 19 39.30.160, or for a self-insurance arrangement under AS 39.30.091, increases as a
 20 result of an assessment against the state as a member of the Comprehensive Health
 21 Insurance Association under AS 21.55.220.

22 * **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to
 23 read:

24 TRANSITION. (a) Until January 1, 2006, the Comprehensive Health Insurance
 25 Association shall determine member assessments under AS 21.55.220(c) as that provision
 26 existed before the effective date of this Act.

27 (b) Notwithstanding AS 21.55.220(f), enacted by sec. 5 of this Act, information
 28 required to be reported under AS 21.55.220(f), enacted by sec. 5 of this Act, must initially be
 29 reported to the director of insurance by September 30, 2005.

30 * **Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to
 31 read:

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

5 * **Sec. 12.** This Act takes effect immediately under AS 01.10.070(c).