

CS FOR HOUSE BILL NO. 29(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 4/3/06

Referred: Health, Education and Social Services, Finance

Sponsor(s): REPRESENTATIVES ROKEBERG, Foster

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to health care insurance and to the Comprehensive Health Insurance**
2 **Association."**

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

4 * **Section 1.** AS 21.09.210 is amended by adding a new subsection to read:

5 (p) A qualified insurer is entitled to a premium tax credit under AS 21.55.220.

6 * **Sec. 2.** AS 21.55.010 is amended adding a new subsection to read:

7 (b) A member shall submit reports and provide information required by the
8 board or the director to implement this chapter as a condition of transacting business
9 in the state.

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

11 (c) In determining voting rights at association meetings, an association
12 member is entitled to vote in person or by proxy. The vote shall be a weighted vote
13 based on the association member's **share of assessments as determined under**
14 **AS 21.55.220** [PREMIUMS FOR HEALTH INSURANCE FOR MAJOR MEDICAL

1 COVERAGE ON AN EXPENSE INCURRED BASIS, OR THE ASSOCIATION
 2 MEMBER'S SUBSCRIBER FEES, DERIVED FROM OR ON BEHALF OF STATE
 3 RESIDENTS IN THE PREVIOUS CALENDAR YEAR, AS DETERMINED BY
 4 THE DIRECTOR].

5 * **Sec. 4.** AS 21.55.220(c) is amended to read:

6 (c) Each member of the association shall share the losses due to claims
 7 expenses of the state plans issued or approved for issuance by the association, and
 8 shall share in the operating and administrative expenses incurred or estimated to be
 9 incurred by the association incident to the conduct of its affairs. Claims expenses of
 10 the state plan that exceed the premium payments allocated to the payment of benefits
 11 shall be the liability of the members. Each member shall share in the claims expense
 12 of the state plans and operating and administrative expenses of the association in an
 13 amount equal to the ratio of the member's [TOTAL FEES FOR SUBSCRIBER
 14 CONTRACTS OR] total major medical [HEALTH INSURANCE] premiums,
 15 received from or on behalf of state residents, as divided by the total major medical
 16 [SUBSCRIBER FEES AND HEALTH INSURANCE] premiums received by all
 17 members from or on behalf of state residents, as determined by the director.

18 * **Sec. 5.** AS 21.55.220(d) is amended to read:

19 (d) The board shall make an annual determination of each member's liability,
 20 if any, and may make an annual fiscal year end assessment if necessary. The board
 21 may also [, SUBJECT TO THE APPROVAL OF THE DIRECTOR,] provide for
 22 interim assessments against the members as may be necessary to assure the financial
 23 capability of the association in meeting the incurred or estimated claims expenses of
 24 the state plans and operating and administrative expenses of the association until the
 25 association's next annual fiscal year end assessment. Payment of an assessment is due
 26 within 30 days after [OF] receipt by a member of written notice of a fiscal year end or
 27 interim assessment. A member who fails to pay a fiscal year end or interim assessment
 28 as required in this subsection (1) shall pay a civil penalty to the director in the amount
 29 of \$100 for each day the member fails to pay the required assessment, and (2) may
 30 have the member's certificate of authority revoked by the director. A member that
 31 ceases to do [HEALTH INSURANCE] business in the state [, OR CEASES TO

1 OFFER SUBSCRIBER CONTRACTS IN THE STATE, DUE TO REVOCATION,
 2 SUSPENSION, OR VOLUNTARY SURRENDER OF ITS CERTIFICATE OF
 3 AUTHORITY,] remains liable for assessments until the board determines under (c)
 4 of this section that no assessment is due [THROUGH THE CALENDAR YEAR
 5 THAT THE HEALTH INSURANCE BUSINESS CEASED]. The board may decline
 6 to levy an assessment against a member if the assessment would be minimal.
 7 Assessments paid by a member are a general expense of the member.

8 * **Sec. 6.** AS 21.55.220 is amended by adding a new subsection to read:

9 (f) A member may offset 50 percent of the amount of the assessment under
 10 this section as a premium tax credit reducing the premium tax payable by the member
 11 under AS 21.09.210. The offset shall apply to the tax levied for the calendar year
 12 following an annual determination of each member's liability under (d) of this section.
 13 The offset may not reduce the premium tax payable by a member to less than zero or
 14 create a premium tax credit for the member. An unused offset may be carried over to
 15 the immediately following calendar year.

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

17 (14) "major medical"

18 (A) means health insurance or medical care coverage provided
 19 on an expense incurred basis, including Medicare supplement insurance;

20 (B) does not include coverage for dental only, vision only,
 21 long-term care, nursing home care, home health care, community-based care,
 22 accident only, disability income, hospital confinement indemnity or other fixed
 23 indemnity, or credit, specified disease or specified accident, or other
 24 supplemental health insurance or coverage determined by the board not to
 25 constitute major medical and approved by the director;

26 * **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to
 27 read:

28 APPLICABILITY. The provisions of sec. 6 of this Act apply to offset the premium
 29 tax payable under AS 21.09.210 on March 1, 2008, based on assessments for the previous
 30 year's determination of each member's liability, and shall continue annually thereafter.