

(LIMITED RUN SHOWING ALL ADDITIONAL SPONSORSHIPS)

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

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Amended: 4/28/06

Offered: 4/3/06

Sponsor(s): REPRESENTATIVES ROKEBERG, Foster

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the Comprehensive Health Insurance Association; granting a 50**  
2 **percent premium tax credit for assessments against members of the Comprehensive**  
3 **Health Insurance Association; requiring members to provide information to the**  
4 **association's board of directors or the director of the division of insurance; modifying**  
5 **voting rights for the association members by basing their exercise on a member's share**  
6 **of assessments; basing assessments on major medical premiums; modifying the manner**  
7 **of determining members' liabilities for losses; and changing the definition of "major**  
8 **medical" coverage for purpose of state health insurance and providing for exclusions to**  
9 **major medical coverage."**

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

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

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

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

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

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

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

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

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

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

28 (d) The board shall make an annual determination of each member's liability,  
29 if any, and may make an annual fiscal year end assessment if necessary. The board  
30 may also [, SUBJECT TO THE APPROVAL OF THE DIRECTOR,] provide for  
31 interim assessments against the members as may be necessary to assure the financial

1 capability of the association in meeting the incurred or estimated claims expenses of  
 2 the state plans and operating and administrative expenses of the association until the  
 3 association's next annual fiscal year end assessment. Payment of an assessment is due  
 4 within 30 days **after** [OF] receipt by a member of written notice of a fiscal year end or  
 5 interim assessment. A member who fails to pay a fiscal year end or interim assessment  
 6 as required in this subsection (1) shall pay a civil penalty to the director in the amount  
 7 of \$100 for each day the member fails to pay the required assessment, and (2) may  
 8 have the member's certificate of authority revoked by the director. A member that  
 9 ceases to do [HEALTH INSURANCE] business in the state [, OR CEASES TO  
 10 OFFER SUBSCRIBER CONTRACTS IN THE STATE, DUE TO REVOCATION,  
 11 SUSPENSION, OR VOLUNTARY SURRENDER OF ITS CERTIFICATE OF  
 12 AUTHORITY,] remains liable for assessments **until the board determines under (c)**  
 13 **of this section that no assessment is due** [THROUGH THE CALENDAR YEAR  
 14 THAT THE HEALTH INSURANCE BUSINESS CEASED]. The board may decline  
 15 to levy an assessment against a member if the assessment would be minimal.  
 16 Assessments paid by a member are a general expense of the member.

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

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

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

26 (14) "major medical"

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

29 (B) does not include coverage for dental only, vision only,  
 30 long-term care, nursing home care, home health care, community-based care,  
 31 accident only, disability income, hospital confinement indemnity or other fixed

1 indemnity, or credit, specified disease or specified accident, or other  
2 supplemental health insurance or coverage determined by the board not to  
3 constitute major medical and approved by the director;

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

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