

SENATE BILL NO. 275

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

BY SENATOR GUESS

Introduced: 2/9/06

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act amending the definition of group health insurance, and allowing the**
2 **Department of Administration to obtain a policy or policies of group health care**
3 **insurance for employers that are small businesses, nonprofit organizations, special**
4 **services organizations, or small associations for insurance purposes; and providing for**
5 **an effective date."**

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

7 *** Section 1.** AS 21.54.060 is amended by adding a new paragraph to read:

8 (8) under a policy or policies issued under AS 39.30.097.

9 *** Sec. 2.** AS 39.30 is amended by adding a new section to article 2 to read:

10 **Sec. 39.30.097. Procurement of group health care insurance policies for**
11 **qualified entities.** (a) The department may obtain a health care insurance policy or
12 policies to cover a group of qualified entities.

13 (b) In procuring a health care insurance policy or policies under this section,

1 the commissioner of administration shall comply with the procedure for obtaining
2 policies of insurance under AS 39.30.090(a)(4) and (5).

3 (c) A qualified entity is eligible for coverage under (a) of this section if the
4 qualified entity

5 (1) submits a written request for registration to the department; and

6 (2) receives written confirmation from the commissioner of
7 administration that the qualified entity is registered to participate.

8 (d) The request for registration submitted by a qualified entity under (c) of this
9 section must contain a statement certifying that the entity meets the definition of a
10 qualified entity under this section and that the entity agrees to pay the required
11 premiums to the insurance company. The owner, a principal, or another legally
12 qualified representative of the entity shall sign the statement under penalty of unsworn
13 falsification and fraud. The department shall register an entity that submits a request
14 for registration and meets the requirements of this subsection. The department shall
15 maintain a list of entities registered to participate under this section and shall make the
16 list available for public inspection.

17 (e) The department may not procure benefits under this section by means of
18 self-insurance.

19 (f) In this section,

20 (1) "association for insurance purposes" means an association

21 (A) composed of businesses or nonprofit organizations or both;

22 and

23 (B) organized and operating in this state;

24 (2) "business" means a business

25 (A) located in this state;

26 (B) organized under the relevant provisions of the Alaska
27 Statutes; if the form of business is not required to be organized under a statute,
28 then the sole proprietor or joint venturers who own the business must be
29 Alaska residents; and

30 (C) that employed an average of at least two but not more than
31 50 eligible employees on the business days during the preceding calendar year

1 and employs at least two eligible employees on the first day of a health benefit
2 plan;

3 (3) "department" means the Department of Administration;

4 (4) "employee" has the meaning given in AS 21.54.500;

5 (5) "health care insurance" has the meaning given in AS 21.12.050;

6 (6) "nonprofit organization" means a nonprofit corporation,
7 association, club, or society organized and operating in this state exclusively for
8 charitable, religious, scientific, or educational purposes or for the promotion of social
9 welfare and that has received an exemption from the payment of federal income tax;

10 (7) "policy" has the meaning given in AS 21.90.900;

11 (8) "qualified entity" means a business, nonprofit organization,
12 association for insurance purposes, or special services organization;

13 (9) "special services organization" means an entity, corporation, or
14 nonprofit organization organized and operating in this state that is

15 (A) an entity, including a sole proprietorship and a corporation
16 solely owned by one person,

17 (i) operating a child care facility that is licensed under
18 AS 14.37;

19 (ii) operating a residential child care facility, child
20 placement agency, foster home, or maternity home that is licensed
21 under AS 47.35;

22 (iii) operating an assisted living home that is licensed
23 under AS 47.33;

24 (iv) operating a community-based center for adult day
25 care as that term is defined in AS 47.65.290; or

26 (v) providing home care services as defined in
27 AS 47.65.290;

28 (B) a corporation incorporated under AS 10.20 that

29 (i) receives state grants to provide services; or

30 (ii) makes grants to other corporations incorporated
31 under AS 10.20 that receive state grants to provide services; or

1 (C) a nonprofit organization, regardless of whether
2 incorporated, whose primary purpose is to provide assistance to disadvantaged
3 classes or groups.

4 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
5 read:

6 INITIAL COST RECOVERY. The commissioner of administration shall recover the
7 initial administrative costs of procuring group health care insurance policies as provided in
8 AS 39.30.097, added by sec. 2 of this Act, over a period of five years. The commissioner
9 shall fairly allocate the administrative costs among the qualified entities seeking coverage
10 under AS 39.30.097 based on the numbers of persons covered. The commissioner shall
11 distribute the administrative costs recovered pro rata to the funds from which initial funding
12 was made.

13 * **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).