

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

March 31, 2006

3:32 p.m.

MEMBERS PRESENT

Representative Tom Anderson, Chair
Representative Pete Kott
Representative Bob Lynn
Representative Norman Rokeberg
Representative Harry Crawford
Representative David Guttenberg

MEMBERS ABSENT

Representative Gabrielle LeDoux

COMMITTEE CALENDAR

SENATE BILL NO. 273

"An Act relating to a motor vehicle dealer's selling or offering to sell motor vehicles as new or current models or as new or current model motor vehicles having manufacturer's warranties."

- MOVED SB 273 OUT OF COMMITTEE

HOUSE BILL NO. 29

"An Act relating to health care insurance and to the Comprehensive Health Insurance Association; and providing for an effective date."

- MOVED CSHB 29(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 480

"An Act relating to voluntary self-evaluative audits by insurers and providing for an insurance compliance self-evaluative privilege; and indirectly amending Rules 104, 402, and 501, Alaska Rules of Evidence, Rules 16, 26, 30, 31, 33, 34, 36, and 40, Alaska Rules of Civil Procedure, and Rules 15, 16, and 17, Alaska Rules of Criminal Procedure."

- BILL HEARING POSTPONED

PREVIOUS COMMITTEE ACTION

BILL: SB 273

SHORT TITLE: MOTOR VEHICLE SALES

SPONSOR(s): SENATOR(s) COWDERY

02/08/06 (S) READ THE FIRST TIME - REFERRALS
02/08/06 (S) TRA, L&C
02/23/06 (H) TRA AT 1:30 PM CAPITOL 17
02/23/06 (H) -- Meeting Canceled --
03/02/06 (S) TRA AT 2:00 PM FAHRENKAMP 203
03/02/06 (S) Moved SB 273 Out of Committee
03/02/06 (S) MINUTE(TRA)
03/03/06 (S) TRA RPT 4DP
03/03/06 (S) DP: HUGGINS, THERRIALT, COWDERY,
KOOKESH
03/16/06 (S) L&C AT 1:30 PM BELTZ 211
03/16/06 (S) Moved SB 273 Out of Committee
03/16/06 (S) MINUTE(L&C)
03/17/06 (S) L&C RPT 5DP
03/17/06 (S) DP: BUNDE, DAVIS, ELLIS, SEEKINS,
STEVENS B
03/20/06 (S) TRANSMITTED TO (H)
03/20/06 (S) VERSION: SB 273
03/22/06 (H) READ THE FIRST TIME - REFERRALS
03/22/06 (H) L&C, JUD
03/27/06 (H) L&C AT 3:15 PM CAPITOL 17
03/27/06 (H) Heard & Held
03/27/06 (H) MINUTE(L&C)
03/29/06 (H) L&C AT 3:15 PM CAPITOL 17
03/29/06 (H) Heard & Held
03/29/06 (H) MINUTE(L&C)
03/31/06 (H) L&C AT 3:15 PM CAPITOL 17

BILL: HB 29

SHORT TITLE: HEALTH CARE INSUR./COMP HEALTH INS. ASSN

SPONSOR(s): REPRESENTATIVE(s) ROKEBERG

01/10/05 (H) PREFILE RELEASED 12/30/04
01/10/05 (H) READ THE FIRST TIME - REFERRALS
01/10/05 (H) L&C, HES
04/08/05 (H) L&C AT 3:15 PM CAPITOL 17
04/08/05 (H) Heard & Held
04/08/05 (H) MINUTE(L&C)
04/12/05 (H) HES AT 3:00 PM CAPITOL 106
04/12/05 (H) <Pending Referral>
03/31/06 (H) L&C AT 3:15 PM CAPITOL 17

WITNESS REGISTER

RYAN MAKINSTER, Staff
to Senator John Cowdery
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions during hearing on SB 273 on behalf of the sponsor.

KATIE CAMPBELL, Actuary-Life and Health
Juneau Office
Division of Insurance
Department of Commerce, Community, & Economic Development
(DCCED)
Juneau, Alaska

POSITION STATEMENT: During hearing on HB 29, explained changes made by the committee substitute.

JOHN GEORGE, Lobbyist
American Family Life Assurance Company of Columbus (AFLAC)
Juneau, Alaska

POSITION STATEMENT: During hearing on HB 29, expressed support and answered questions.

ACTION NARRATIVE

CHAIR TOM ANDERSON called the House Labor and Commerce Standing Committee meeting to order at [3:32:24 PM](#). Representatives Crawford, Rokeberg, Lynn, and Anderson were present at the call to order. Representatives Kott and Guttenberg arrived as the meeting was in progress.

[3:32:55 PM](#)

SB 273-MOTOR VEHICLE SALES

CHAIR ANDERSON announced that the first order of business would be SENATE BILL NO. 273, "An Act relating to a motor vehicle dealer's selling or offering to sell motor vehicles as new or current models or as new or current model motor vehicles having manufacturer's warranties."

[3:33:21 PM](#)

RYAN MAKINSTER, Staff to Senator John Cowdery, Alaska State Legislature, sponsor, said that it is the sponsor's intent to leave the bill as currently written. He stated that the language that was previously discussed would drastically change

the bill, adding that the bill is merely intended to fix the statutory language so that it is enforceable.

3:33:58 PM

CHAIR ANDERSON informed the committee of his intent to move the bill at this time.

3:34:28 PM

REPRESENTATIVE ROKEBERG moved to report SB 273 out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE KOTT objected, and asked if the sponsor would be amenable to an immediate effective date.

3:34:55 PM

MR. MAKINSTER replied that the sponsor does not wish to amend the bill at this time, and remarked that this may happen in the next committee of referral.

3:35:41 PM

REPRESENTATIVE KOTT removed his objection.

3:35:55 PM

There being no further objection, SB 273 was reported from the House Labor and Commerce Standing Committee.

HB 29-HEALTH CARE INSUR./COMP HEALTH INS. ASSN

3:36:11 PM

CHAIR ANDERSON announced that the final order of business would be HOUSE BILL NO. 29, "An Act relating to health care insurance and to the Comprehensive Health Insurance Association; and providing for an effective date."

3:36:27 PM

REPRESENTATIVE ROKEBERG made a motion to adopt CSHB 29, Version 24-LS0191\R, Bailey, 3/22/06, for discussion purposes. There being no objection, Version R was before the committee.

[3:37:01 PM](#)

REPRESENTATIVE ROKEBERG said that when the bill was previously heard, objections were raised regarding the assessments. He stated that Version R removes the sections of the bill which were of concern in addition to changing the funding source. Furthermore, Version R relies on the current assessments to the health insurance industry for the additional monies needed to keep the Alaska Comprehensive Health Insurance Association (ACHIA) pool alive. He explained that it would entitle the insurer to a premium tax credit equal to 50 percent of the assessment. He added that currently, the assessments are about \$3.5 million. He noted a letter of support from ACHIA, which is included in members' packets.

[3:39:51 PM](#)

KATIE CAMPBELL, Actuary-Life and Health, Juneau Office, Division of Insurance, Department of Commerce, Community, & Economic Development (DCCED), explained the changes made by Version R. Section 4, she said, clarifies that the insurers' membership is based on the major medical premium. She said that Section 5 amends the process with which ACHIA determines liability for unpaid assessments. She stated that this section clarifies that the insurer must cease to do business in the state before it is no longer assessed. Section 6, she said, is the premium tax off-set. She went on to say that Section 7 redefines "major medical".

[3:41:52 PM](#)

JOHN GEORGE, Lobbyist, American Family Life Assurance Company of Columbus (AFLAC), informed the committee that AFLAC is a member of ACHIA, which is federally mandated. He stated that while the state had the option of using general funds to cover the costs of the program, it chose to assess the insurance industry. He said that anytime the insurance industry is required to pay, the cost "trickles down" to the policy holders. In this case, he said, the policy holders are small businesses or individuals. He said that the intent of HB 29 is to help small businesses and individual policy holders who are "shouldering 100 percent of the burden." He remarked that it is beneficial to have health insurance because unless a [business or individual] is a member of a major self-insured group, insurance is unaffordable, which can be due to add-ons or paying to subsidize the aforementioned program. He expressed strong support of HB 29.

[3:44:05 PM](#)

REPRESENTATIVE ROKEBERG asked if the definition of "major medical" adopted in HB 29 would affect AFLAC. He also asked if AFLAC would still be a participant [in ACHIA].

MR. GEORGE replied that AFLAC would still be a participant, as it is a major writer of [the types of insurance which are not considered "major medical" by the legislation]. He stated that currently, AFLAC's assessment costs are in excess of its total "major medical" premium.

[3:44:51 PM](#)

REPRESENTATIVE ROKEBERG pointed out that AFLAC has been very forthcoming in its participation in the ACHIA program. He noted that Mr. George was previously the Director of the Division of Insurance, and asked if he considers the potential rising amount of the assessments as a "barrier to entry" for health insurance underwriters in the state.

MR. GEORGE replied that Alaska has never had enough health insurers, adding that any efforts made to remove a portion of the burden will be of assistance. He opined that while these efforts may not cause insurance companies to "rush to the state," it would encourage any companies considering business in Alaska. He said that this is "the right thing to do."

[3:46:24 PM](#)

REPRESENTATIVE ROKEBERG noted a drafting error and offered the following conceptual amendment:

Page 3, line 29
Delete "January 1, 2007"
Insert "March 1, 2008"

REPRESENTATIVE ROKEBERG explained that the amendment would allow zero fiscal impact in 2007. He said that this is a "backward looking assessment." There being no objection, Conceptual Amendment 1 was adopted.

[3:47:41 PM](#)

REPRESENTATIVE LYNN moved to report CSHB 29, Version 24-LS0191\R, Bailey, 3/22/06, as amended, out of committee with individual recommendations and the accompanying fiscal notes.

There being no objection, CSHB 29(L&C) was reported from the House Labor and Commerce Standing Committee.

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at [3:48:08 PM](#).