

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

February 23, 2011

3:25 p.m.

MEMBERS PRESENT

Representative Kurt Olson, Chair
Representative Craig Johnson, Vice Chair
Representative Dan Saddler
Representative Steve Thompson
Representative Lindsey Holmes
Representative Bob Miller

MEMBERS ABSENT

Representative Mike Chenault

COMMITTEE CALENDAR

HOUSE BILL NO. 164

"An Act relating to insurance; relating to health care insurance, exemption of certain insurers, reporting, notice, and record-keeping requirements for insurers, biographical affidavits, qualifications of alien insurers assuming ceded insurance, risk-based capital for insurers, insurance holding companies, licensing, federal requirements for nonadmitted insurers, surplus lines insurance, insurance fraud, life insurance policies and annuity contracts, rate filings by health care insurers, long-term care insurance, automobile service corporations, guaranty fund deposits of a title insurer, joint title plants, delinquency proceedings, fraternal benefit societies, multiple employer welfare arrangements, hospital and medical service corporations, and health maintenance organizations; and providing for an effective date."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 164

SHORT TITLE: INSURANCE: HEALTH CARE & OTHER

SPONSOR(s): LABOR & COMMERCE

02/18/11	(H)	READ THE FIRST TIME - REFERRALS
02/18/11	(H)	L&C, FIN
02/21/11	(H)	L&C AT 3:15 PM BARNES 124

02/21/11 (H) Heard & Held
02/21/11 (H) MINUTE(L&C)
02/23/11 (H) L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

LINDA HALL, Director
Division of Insurance
Anchorage Office
Department of Community & Economic Development (DCCED)
Anchorage, Alaska

POSITION STATEMENT: Testified and answered questions during the discussion of HB 164.

ACTION NARRATIVE

[3:25:58 PM](#)

CHAIR KURT OLSON called the House Labor and Commerce Standing Committee meeting to order at 3:25 p.m. Representatives Olson, Johnson, Saddler, Thompson, Miller, and Holmes were present at the call to order.

HB 164-INSURANCE: HEALTH CARE & OTHER

[3:26:33 PM](#)

CHAIR OLSON announced that the only order of business would be HOUSE BILL NO. 164, "An Act relating to insurance; relating to health care insurance, exemption of certain insurers, reporting, notice, and record-keeping requirements for insurers, biographical affidavits, qualifications of alien insurers assuming ceded insurance, risk-based capital for insurers, insurance holding companies, licensing, federal requirements for nonadmitted insurers, surplus lines insurance, insurance fraud, life insurance policies and annuity contracts, rate filings by health care insurers, long-term care insurance, automobile service corporations, guaranty fund deposits of a title insurer, joint title plants, delinquency proceedings, fraternal benefit societies, multiple employer welfare arrangements, hospital and medical service corporations, and health maintenance organizations; and providing for an effective date."

[3:27:02 PM](#)

LINDA HALL, Director, Division of Insurance, Anchorage Office, Department of Community & Economic Development (DCCED), stated she had some additional comments on HB 164.

MS. HALL referred to page 49, to proposed Section 78, of HB 164. She recalled prior discussions, noting that Representative Johnson previously had questions on this proposed section. She asked to readdress this proposed section, relating that she has since discussed this bill with her actuarial and believes she could better explain what this proposed change will accomplish. Under current Alaska Statutes (AS), an employer cannot cancel his/her group health insurance policy and make contributions to an individual employee's health insurance costs. She recalled a scenario she previously used, in which an employer cancelled his/her group insurance and offered \$200 per month to his/her employee use to purchase health insurance. That activity would violate the current AS, the small group insurance laws, and would be an action taken to get around the guarantee issue and rating guarantees contained in the small group health insurance laws.

MS. HALL provided a brief history, which she thought dated back to early 1990s when the definitions of group insurance were enacted. This proposed provision would allow an employer, under certain circumstances, to do what she just described as not allowed under the current statutes. Proposed Section 78 would allow employers who have never offered health insurance to their employees, but who wanted to start health reimbursement accounts (HRA) for their employees to do so. The employers could contribute money to their employees' HRA accounts. Additionally, if an employer had a break in health insurance and six months later wanted to do something similar in establishing HRA accounts, it would be allowed. She added the caveat that employers could not simply cancel their health insurance because employees had preexisting conditions nor could an employer pay a monthly allowance towards an employee's health insurance. This proposed section would also allow employers a means to help part time and seasonal employees obtain health insurance. Often this class of employee is not eligible for group health insurance due to limited hours or because the employee could not meet other eligibility requirements for health insurance. This proposed change would allow an employer to contribute to an HRA for the part time or temporary employee. She reiterated that this proposed section literally "opens this up" to make more opportunities for employers and employees.

[3:31:45 PM](#)

REPRESENTATIVE JOHNSON asked whether she was sure.

MS. HALL answered that she is as sure as she can be. She then reaffirmed and answered yes.

REPRESENTATIVE JOHNSON said he would accept that.

REPRESENTATIVE HOLMES commented she was still wading through 70 pages of insurance language.

MS. HALL offered to answer any additional questions that may arise. She acknowledged that HB 164 is complex. She reiterated that she would be happy to discuss the bill.

[3:33:20 PM](#)

CHAIR OLSON left the public testimony open on HB 164.

[HB 164 was held over.]

[3:33:53 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 3:33 p.m.