

SENATE CS FOR CS FOR HOUSE BILL NO. 374(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FOURTH SPECIAL SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 6/3/16

Referred: Today's Calendar

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to coverage under a state plan provided by the Comprehensive Health**
2 **Insurance Association; establishing the Alaska comprehensive health insurance fund;**
3 **relating to a reinsurance program; relating to the definition of 'residents who are high**
4 **risks'; relating to an application for a waiver for state innovation for health care**
5 **insurance; and providing for an effective date."**

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

7 * **Section 1.** AS 21.55.320 is amended by adding a new subsection to read:

8 (b) When a person with a disability that is covered under 42 U.S.C. 1395 -
9 1395b-10 (Title XVIII of the Social Security Act) is referred by an insurer to a state
10 plan under AS 21.55.310, the plan administrator shall request that the Department of
11 Health and Social Services provide information to the person about applying for the
12 federal benefits.

13 * **Sec. 2.** AS 21.55.400 is amended to read:

1 **Sec. 21.55.400. Duties of director.** The director may

2 (1) approve the selection of the plan administrator by the association
3 and approve the association's contract with the plan administrator, including the
4 coverages and premiums to be charged;

5 (2) contract with the federal government or another unit of government
6 to ensure coordination of the state plans with other governmental assistance programs;

7 (3) undertake, directly or through contracts with other persons, studies
8 or demonstration programs to develop awareness of the benefits of this chapter; and

9 (4) formulate general policy and adopt regulations **that are**
10 **reasonably necessary to administer this chapter**, including regulations establishing
11 a reinsurance program reinsuring residents who are high risks **and specifying covered**
12 **conditions eligible for payment through the reinsurance program** [, THAT ARE
13 REASONABLY NECESSARY TO ADMINISTER THIS CHAPTER].

14 * **Sec. 3.** AS 21.55 is amended by adding a new section to read:

15 **Sec. 21.55.430. Alaska comprehensive health insurance fund.** (a) The
16 Alaska comprehensive health insurance fund is established in the general fund. The
17 Department of Administration shall separately account for revenue collected under
18 AS 21.09.210, AS 21.33.055, 21.33.061, AS 21.34.180, and AS 21.66.110 and deposit
19 net proceeds into the Alaska comprehensive health insurance fund. The Department of
20 Administration shall deposit interest earned on the Alaska comprehensive health
21 insurance fund in the general fund.

22 (b) The legislature may use the annual estimated balance in the Alaska
23 comprehensive health insurance fund to make appropriations to the Department of
24 Commerce, Community, and Economic Development to fund the reinsurance program
25 under this chapter.

26 (c) Payment for claims under the reinsurance program under this chapter is
27 subject to appropriation.

28 (d) Money in the fund does not lapse.

29 (e) Nothing in this section creates a dedicated fund.

30 (f) In this section, "net proceeds" includes

31 (1) revenue accounted for under (a) of this section, less all return

1 premiums, fees under AS 23.05.067, errors, and other adjustments;

2 (2) penalties and interest on late payments accounted for under (a) of
3 this section.

4 * **Sec. 4.** AS 21.55.500(20) is amended to read:

5 (20) "residents who are high risks" means residents who

6 (A) have been rejected for medical reasons after applying for a
7 subscriber contract, a policy of health insurance, or a Medicare supplement
8 policy by at least one association member within the six months immediately
9 preceding the date of application for a state plan; medical reasons may include
10 preexisting medical conditions, a family history that predicts future medical
11 conditions, or an occupation that generates a frequency or severity of injury or
12 disease that results in coverage not being generally available;

13 (B) have had a restrictive rider placed on a subscriber contract,
14 a health insurance policy, or a Medicare supplement policy that substantially
15 reduces coverage; or

16 (C) meet other requirements adopted by regulation by the
17 director that are consistent with this chapter [AND THAT INDICATE THAT
18 A PERSON IS UNABLE TO OBTAIN COVERAGE SUBSTANTIALLY
19 SIMILAR TO THAT WHICH MAY BE OBTAINED BY A PERSON WHO
20 IS CONSIDERED A STANDARD RISK];

21 * **Sec. 5.** AS 21.96 is amended by adding a new section to read:

22 **Sec. 21.96.120. Waiver for state innovation.** The director may apply to the
23 United States Secretary of Health and Human Services under 42 U.S.C. 18052 for a
24 waiver of applicable provisions of P.L. 111-148 (Patient Protection and Affordable
25 Care Act) with respect to health insurance coverage in the state for a plan year
26 beginning on or after January 1, 2017. The director may implement a state plan
27 meeting the waiver requirements in a manner consistent with state and federal law and
28 as approved by the United States Secretary of Health and Human Services.

29 * **Sec. 6.** AS 21.55.430 is repealed June 30, 2018.

30 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
31 read:

- 1 RETROACTIVITY. If sec. 3 of this Act takes effect after June 30, 2016, sec. 3 of this
2 Act is retroactive to June 30, 2016.
- 3 * **Sec. 8.** Sections 1, 2, 4, 5, and 7 of this Act take effect immediately under
4 AS 01.10.070(c).
- 5 * **Sec. 9.** Section 3 of this Act takes effect June 30, 2016.