

# Fiscal Note

State of Alaska  
2016 Legislative Session

Bill Version:	CSHB 374(FIN)
Fiscal Note Number:	3
(H) Publish Date:	5/28/2016

Identifier: HB374CS(FIN)-DCCED-DOI-05-27-16  
 Title: REINSURANCE PROGRAM; HEALTH INS. WAIVERS  
 Sponsor: RLS BY REQUEST OF THE GOVERNOR  
 Requester: (H) Finance

Department: Department of Commerce, Community and Economic Development  
 Appropriation: Insurance Operations  
 Allocation: Insurance Operations  
 OMB Component Number: 354

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>OPERATING EXPENDITURES</b>								
Personal Services			***	***	***	***	***	***
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits	55,000.0							
Miscellaneous								
<b>Total Operating</b>	<b>55,000.0</b>	<b>0.0</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

## Fund Source (Operating Only)

1248 ACHI Fund	55,000.0							
<b>Total</b>	<b>55,000.0</b>	<b>0.0</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

## Positions

Full-time								
Part-time								
Temporary								

<b>Change in Revenues</b>			<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>
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**Estimated SUPPLEMENTAL (FY2016) cost:** 0.0 (separate supplemental appropriation required)  
 (discuss reasons and fund source(s) in analysis section)

**Estimated CAPITAL (FY2017) cost:** 0.0 (separate capital appropriation required)  
 (discuss reasons and fund source(s) in analysis section)

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
 If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/17

## Why this fiscal note differs from previous version:

Updated analysis to reflect the fund source as a new designated fund code, and updated analysis to reflect creation of a new fund.

Prepared By: Lori Wing-Heier, Director  
 Division: Division of Insurance  
 Approved By: Catherine Reardon, Director  
 Agency: Division of Administrative Services, DCCED

Phone: (907)465-2560  
 Date: 05/27/2016 02:50 PM  
 Date: 05/27/16

**REPORTED OUT OF  
HFC 05/28/2016**  
 Control Code: xnVOy

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2016 LEGISLATIVE SESSION

## Analysis

HB 374 amends AS 21.55.430, the Alaska Comprehensive Health Insurance Association (ACHIA), to allow legislative appropriation of insurance premium tax receipts collected by the Division of Insurance to fund the reinsurance program created in HB374.

In 2014 the division collected approximately \$74M in total receipts of which \$64M was premium taxes. Of that \$64M approximately \$5M transfers to the Department of Labor as a Workers' Compensation Service Fee as required under AS 23.05.067. The legislature could appropriate up to an estimated \$59M based on the division's 2015 annual report. Annual collections of premium taxes for the prior three fiscal years are: \$52 million in FY2013; \$55 million in FY2014; and \$64 million in FY2015.

The Alaska Comprehensive Health Insurance Fund will be created, as well as a new designated fund code. The Division of Insurance will enter into a grant agreement under AS37.05.316 with ACHIA to reimburse for claims paid in excess of policy premiums collected.

While there is no net change to revenue generated from premium taxes, premium taxes previously received and deposited into the general fund will instead be deposited in to the new fund, and used to fund the reinsurance program.

The operating expenses of the division are restricted funds and collected as licensing, surplus lines, risk-retention groups, purchasing groups certificate of authority, continuing education, examination expenses, fingerprinting and other fees in addition to retaliatory taxes, and do not come out of premium taxes.