

ALASKA STATE LEGISLATURE
SENATE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

February 18, 2015

1:32 p.m.

MEMBERS PRESENT

Senator Bert Stedman, Chair
Senator Cathy Giessel, Vice Chair
Senator Bill Stoltze
Senator Johnny Ellis

MEMBERS ABSENT

Senator Pete Kelly

COMMITTEE CALENDAR

SENATE BILL NO. 18

"An Act exempting a health care sharing ministry from regulation as an insurer."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 18

SHORT TITLE: HEALTH CARE SHARE MINISTRY NOT INSURANCE

SPONSOR(S): SENATOR(S) COGHILL

01/21/15	(S)	PREFILE RELEASED 1/16/15
01/21/15	(S)	READ THE FIRST TIME - REFERRALS
01/21/15	(S)	HSS, L&C
02/18/15	(S)	HSS AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

JORDAN SHILLING, Staff
Senator John Coghill
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented SB 18 on behalf of the sponsor.

LORI WING-HEIER, Director
Division of Insurance

Department of Commerce, Community and Economic Development
(DCCED)

Anchorage, Alaska

POSITION STATEMENT: Answered questions related to SB 18.

JAMES LANSBERRY, President

Alliance of Healthcare Sharing Ministries

Peoria, Illinois

POSITION STATEMENT: Provided information about SB 18.

BECKY HULTBERG, President/CEO

Alaska State Hospital and Nursing Home Association (ASHNHA)

Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 18.

ACTION NARRATIVE

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CHAIR BERT STEDMAN called the Senate Health and Social Services Standing Committee meeting to order at 1:32 p.m. Present at the call to order were Senators Ellis, Kelly, Giessel, and Chair Stedman.

SB 18-HEALTH CARE SHARE MINISTRY NOT INSURANCE

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CHAIR STEDMAN announced the consideration of SB 18. He said it was the first hearing on the bill.

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JORDAN SHILLING, Staff, Senator John Coghill, presented SB 18 on behalf of the sponsor. He related that SB 18 has two purposes; to define health care sharing ministries and to exempt them from insurance statutes because they are charitable organizations. Health care sharing is a payment arrangement for health care among persons of similar beliefs. It is administered by a non-profit corporation.

He noted the three largest sharing ministries are Christian Health Care Ministries, which was established in 1990, MediShare, established in 1993, and Samaritan Ministries, established in 1994. All three are biblically based and have membership requirements, such as living a Christian lifestyle and abstaining from tobacco.

He continued to explain that health care sharing ministries are different from regular insurance. Insurance is the transfer of

risk from one entity to another in exchange for a guaranteed payment. The sharing ministries are 501(c)(3)s and no member is required by law to pay anyone's medical bills. They don't assume or transfer risk, pool money or use actuaries, and they don't purchase reinsurance policies. They are a group of people who come together voluntarily and agree to share costs.

He stated that most states' Divisions of Insurance do not considered sharing ministries a form of insurance, including Alaska. There are about 3,400 Alaskans in sharing ministries. He noted 30 states have passed laws similar to SB 18. If the state were to regulate these sharing ministries as insurance companies, they would likely cease to exist.

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CHAIR STEDMAN noted the arrival of Senator Stoltz.

SENATOR GIESSEL asked if SB 18 is a preventative measure to secure the fact that sharing ministries would not be considered insurance.

MR. SHILLING said yes.

CHAIR STEDMAN requested that Ms. Wing-Heier continue with an explanation of the difference between health care sharing ministries and insurance, as well as with background information about how other states are dealing with this issue.

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LORI WING-HEIER, Director, Division of Insurance, Department of Commerce, Community and Economic Development (DCCED), answered questions related to SB 18. She said currently there are about 3,400 to 3,500 people participating in health care sharing ministries in Alaska. There is a zero fiscal note and the bill will have no impact on the tax revenue.

She explained that sharing ministries were a carve-out of the Affordable Care Act (ACA) because they have existed for many years in all 50 states. There is legislation regarding sharing ministries in 29 other states.

CHAIR STEDMAN requested a definition of ACA and Ms. Wing-Heier reiterated that it is the Affordable Care Act.

MS. WING-HEIER said ACA specifically addresses the exemption of sharing ministries if they were in existence as of 1999. All of the previously mentioned ministries were in existence in 1999.

Start-up sharing ministries are not allowed. She pointed out that sharing ministries are not considered insurance because there is no guarantee of payment. Members contribute a share each month to another member's medical bills. There is no guarantee that there will be enough money to cover medical bills.

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SENATOR STOLTZE asked how it differs from a Lutheran insurance company such as Thrivent.

MS. WING-HEIER assumed a Lutheran could be a member of one of the health care sharing ministries. She said she does not know how one would apply to become a member. Members must share similar beliefs, not be a smoker, and live a Christian lifestyle.

CHAIR STEDMAN opened public testimony.

JAMES LANSBERRY, President, Alliance of Healthcare Sharing Ministries, provided information about SB 18. In response to Senator Stoltze's question, he said all members must sign a statement of faith; some are Lutherans. He stated that ACA continues to allow health care sharing ministries to operate; care ministries would like to continue to operate without any repercussions from state insurance divisions. The bill removes the potential ambiguity for a future insurance department to regulate sharing ministries as insurance.

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BECKY HULTBERG, President/CEO, Alaska State Hospital Nursing Home Association (ASHNHA), testified in support of SB 18. She said her association is interested in people's ability to access and pay for health care.

CHAIR STEDMAN asked if ASHNHA has a position on the bill.

MS. HULTBERG said ASHNHA has not taken a formal position on the bill, but is supportive of people having the means to pay for health care. Health care sharing ministries is one way to do that.

CHAIR STEDMAN closed public testimony.

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CHAIR STEDMAN held SB 18 in committee.

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There being nothing further to come before the committee, Chair Stedman adjourned the Senate Health and Social Services Standing Committee at 1:47 p.m.