

SB

313

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/13/94

FURTHER:

DATE TURNED INTO OFFICE: 4-19-94

The Finance Committee considered **SENATE BILL NO. 313**

"An Act relating to the Comprehensive Health Insurance Association and to health insurance provided to residents of the state who are high risks; and providing for an effective date."

and recommends:

- replace with _____ CS _____ (FINANCE)
- or adopt previous _____ CS _____ (_____)
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

NEW FISCAL NOTES

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal
DCLED	2/15/94	0	

Appropriation No Fiscal Note

DO PASS:

[Signature]

OTHER RECOMMENDATIONS:

1. *[Signature]*
 Co-Chair: Signature/Recommendation

2. *[Signature]*
 Co-Chair: Signature/Recommendation

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

No. 1
Bill Version: SB 313
(S) Publish Date: 3-22-94

Revision Date: _____
Title: Health Insurance for High Risk Residents
Sponsor: Senator Kerttula
Requestor: _____

Department Affected: Commerce and Economic Development
BRU: Insurance
Component: Operations
COMPONENT SERIAL NO. 354

Expenditures/Revenues:

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ()	0	0	0	0	0	0
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FUND SOURCE

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

Estimate of current year (FY 94) cost: \$ 0

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary.)

No fiscal impact.

Prepared by: Joan Brown, Administrative Officer
Division: Insurance

Phone: 465-2507
Date: 2/15/94

Approved by Commissioner: Paul Fuhs
Agency: Commerce and Economic Development

Date: 2-15-94

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Alaska State Legislature

SENATE

Official Business

State Capitol
Juneau, AK 99801-1182

April 12, 1994

MEMORANDUM

To: Senator Drue Pearce, Co-Chair
Senate Finance Committee

From: Senator Jay Kerttula

Re: SB 313 High Risk Health Insurance

Please schedule a hearing on the above bill at your convenience. The bill amends the High Risk Health Insurance legislation that became law in 1992 (Chapter 126 SLA 92 Health Ins. Pool: Uninsurables). The changes have been requested by the Board and are intended to resolve some of the weaknesses in current statute. I have included a sectional analysis, zero fiscal note from the Department of Commerce and Economic Development, and a sponsor statement.

Thank you for your consideration of this request.



Official Business

Alaska State Legislature

SENATE

State Capitol
Juneau, AK 99801-1182

SB 313 HIGH RISK HEALTH INSURANCE SENATOR JAY KERTTULA

The amendments to current statute as set out in this bill are intended to address problem areas identified by the Comprehensive Health Insurance Association after two years of experience.

First, the Association requests that the law be extended to cover health maintenance organizations or other managed care arrangements on the approval of the director and provides that these entities become members of the Association. Membership is a condition of doing business in the state. This amendment would ensure equity among business by providing an even playing field.

If health maintenance organizations and managed care arrangements are brought into the Association, then the Association may provide insurance to residents through these organizations.

Section 3 and 4 of the bill provide additional forms of deductibles, copayments and maximums. This amendment does not change the requirement to offer a policy with the original limitations, but does respond to requests by residents seeking only catastrophic insurance with high deductibles. This change enables the director to respond to this type of request.

Section 5 broadens the ability of the Association to offer policies to groups that maintain healthy life styles without changing the basic requirement that premium rates be based on age and geographic location. This amendment will enable the Association to offer nonsmokers, for example, a lower premium rate.

Section 6 further defines eligibility for the state plan. This section would disqualify those residents who were eligible to be covered by a plan subject to the Small Employer Health Reinsurance Association and states that when a resident moves out of state, they

cannot renew or purchase insurance from this Association. However, their current insurance is allowed to lapsed at the regular date.

Section 7 and 8 require payment of the premium with the request for insurance instead of being billed by the Association. This is an administrative convenience and will save the Association from sending out the initial bill. Presently, the Association sends the billing information when the application is accepted.

Section 9 explicitly gives the director the ability to formulate policy and adopt regulations.

Section 10 provides a member of the board of the association with immunity from civil or criminal liability for an act or omission in good faith and within the scope of the director's duties. This is especially important to the public members of the board to protect them from lawsuits when the director has acted in good faith in fulfilling his/her duties.

Section 11 essentially allows the director to accept an application for coverage in cases where two denials of coverage seem to be superfluous. Presently, an applicant is required to be rejected by two insurance organizations before they can apply to the Association. With this amendment, the director, under certain circumstances, can accept an application without the two rejections.

DIVISION OF LEGAL SERVICES

**LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

FEB 16 1994

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

February 16, 1994

SUBJECT: Sectional Summary of SB 313
TO: Senator Jay Kerttula
FROM: Michael F. Ford *M.F.*
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Provides that health maintenance organizations and managed care arrangements are required to be members in the Comprehensive Health Insurance Association, as a condition of doing business in the state.

Section 2. Allows the association to make insurance available to residents through a health maintenance organization or a managed care arrangement.

Section 3. Technical amendment.

Section 4. Allows the association to offer other forms of deductible, copayment, or applicable maximums than specified under AS 21.55.120(c).

Section 5. Allows the association to base premium rates on factors other than age or geographic location, if approved by the director.

Section 6. Establishes eligibility requirements for enrollment in a state insurance plan.

Section 7. Requires payment of the first premium, before a person can enroll in the state insurance plan.

Senator Jay Kerttula
February 16, 1994
Page 2

Section 8. Repeals the requirement that the association forward billing information to an enrollee.

Section 9. Provides that the director of the division of insurance may formulate general policy and adopt regulations necessary to administer AS 21.55.

Section 10. Provides a member of the board of the association immunity from civil or criminal liability, for an act or omission in good faith and within the scope of the director's duties.

Section 11. Amends the definition of "residents who are high risks" to include residents who meet other requirements adopted by regulation consistent with AS 21.55 and that indicate the person is unable to obtain insurance as would a person considered a standard risk.

Section 12. Effective date.

MFF:lmb:mi
94-060.lmb

Frank

SENATE COMMITTEE REPORT

DATE: 3/22/94

FURTHER: Finance

DATE TURNED INTO OFFICE: 4/12/94

L&C Committee considered SENATE BILL NO. 313

"An Act relating to the Comprehensive Health Insurance Association, and to health insurance provided to residents of the state who are high risks; and providing for an effective date."

may dep

and recommends:

- replace with _____ CS _____ ()
- or adopt previous _____ CS _____ ()
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

FIN

individual recommendations

~~NEW FISCAL NOTES~~ *prev.*

Department	Date	Zero	Fiscal
<i>DCED</i>	<i>3/22/94</i>	<input checked="" type="checkbox"/>	

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

DO PASS:

Steve this Rep
Bob May

OTHER RECOMMENDATIONS:

Judith F. Salyer No fee
NR

T. Kelly Dolan
 Chair: Signature and Recommendation

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

fr

DATE: 2/14/94

FURTHER: L&C
Finance

Date of 5-Day Notice: 3/17/94
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 3/21/94

HESS Committee considered SB 313

"An Act relating to the Comprehensive Health Insurance Association and to health insurance provided to residents of the state who are high risks; and providing for an effective date."

majority of the committee votes is for w/ no rec

and recommends:

replace with _____ CS _____

- same title
- new title
- technical title change (HB only)

attaches amendment(s)

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

OK

FISCAL NOTE INFORMATION

Department	Date	Zero	Fiscal
DEED	2/15/94	✓	

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

Governor's Bill with Previous Fiscal Notes (enter information above)

DO PASS:

OTHER RECOMMENDATIONS:

[Signature] *Duncan*

[Signature] *Mike Miller No Rec.*

[Signature] *Ellis No Rec.*

[Signature] *Edith G. Hays No Rec.*

[Signature] *Drew A. Homan No Rec.*

[Signature] *Shaw* Vice Chr. No Rec

Chair: Signature and Recommendation