

HB

374

<TARGET><BILL>HB 374</BILL><SUBJECT>HB
374</SUBJECT><COMM>HFIN29</COMM></TARGET>

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: May 25, 2016

FURTHER REFERRALS:

Date of Committee Action: 5/27/16

The FINANCE Committee considered:

HB 374

HOUSE BILL NO. 374

"An Act relating to a reinsurance program for residents who are high risks and insurer assessments to cover the costs of the reinsurance program; relating to application for state innovation waivers for health care insurance; relating to definitions of 'residents who are high risks' and 'covered lives'; and providing for an effective date."

HB 374-REINSURANCE PROGRAM; HEALTH INS. WAIVERS

Recommends it be replaced with [] HCS or [✓] CS for HB 374 (FIN)
 For Senate Bills with new title: [] Technical Title [] New Title: HCR [] Same Title [✓] New Title

- [] attach amendments
- [] add new referral to _____ Committee
- [] Letter of Intent _____ Committee

- List of Abbrev for Depts.:
- ADM
 - AJS
 - CED
 - COR
 - EED
 - DEC
 - DFG
 - GOV
 - DHS
 - LWF
 - LAW
 - LEG
 - MVA
 - DNR
 - DPS
 - REV
 - DOT
 - UA

<u>NEW FISCAL NOTES</u>				
*FN# is assigned by Chief Clerk's Office				
*FN#	List by Dept(s):	Fiscal	Indet.	Zero
	CED	✓		

<u>PREVIOUS FISCAL NOTES</u>				
FN#	List by Dept(s):	Fiscal	Indet.	Zero

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
	SANDLER			X	
	MUNOZ	✓			
	FRASER			X	
	Gattis			X	
	Pruitt			X	
	Gane			X	
	Wilson			X	
	Edgman			X	
	CHAMBERLAIN			X	
Chair:	NEWMAN			X	
Chair:	THOMPSON	X			

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: HB 374
Fiscal Note Number: _____
() Publish Date: _____

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
OPERATING EXPENDITURES								
Personal Services			***	***	***	***	***	***
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits	55,000.0							
Miscellaneous								
Total Operating	55,000.0	0.0	***	***	***	***	***	***

Fund Source (Operating Only)

1248 ACHI Fund	55,000.0							
Total	55,000.0	0.0	***	***	***	***	***	***

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues			***	***	***	***	***	***
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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.
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Prepared By:	Lori Wing-Heier, Director	Phone:	(907)465-2560
Division:	Division of Insurance	Date:	05/27/2016 02:50 PM
Approved By:	Catherine Reardon, Director	Date:	05/27/16
Agency:	Division of Administrative Services, DCCED		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSHB 374(FIN)

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.

*Adopted
5/27/16*

29-GH2126\N
Glover/Wallace
5/27/16

CS FOR HOUSE BILL NO. 374(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FOURTH SPECIAL SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

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

A BILL

FOR AN ACT ENTITLED

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

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

6 *** Section 1.** AS 21.55.400 is amended to read:

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

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

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

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

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(4) formulate general policy and adopt regulations that are reasonably necessary to administer this chapter, including regulations establishing a reinsurance program reinsuring residents who are high risks and specifying covered conditions eligible for payment through appropriations from the Alaska comprehensive health insurance fund established under AS 21.55.430 [, THAT ARE REASONABLY NECESSARY TO ADMINISTER THIS CHAPTER].

* Sec. 2. AS 21.55 is amended by adding a new section to read:

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

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

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

(d) Money in the fund does not lapse.

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

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

(1) revenue accounted for under (a) of this section, less all return premiums, fees under AS 23.05.067, errors, and other adjustments;

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

* Sec. 3. AS 21.55.500(20) is amended to read:

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

(A) have been rejected for medical reasons after applying for a subscriber contract, a policy of health insurance, or a Medicare supplement

1 policy by at least one association member within the six months immediately
2 preceding the date of application for a state plan; medical reasons may include
3 preexisting medical conditions, a family history that predicts future medical
4 conditions, or an occupation that generates a frequency or severity of injury or
5 disease that results in coverage not being generally available;

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

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

14 * **Sec. 4.** AS 21.96 is amended by adding a new section to read:

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

22 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
23 read:

24 **RETROACTIVITY.** Section 2 of this Act is retroactive to June 30, 2016.

25 * **Sec. 6.** Sections 1 and 3 - 5 of this Act take effect immediately under AS 01.10.070(c).

Conceptual

*Adopted
5/27/16*

29-GH2126\N.1
Glover/Wallace
5/27/16

AMENDMENT #1

*Rep. Care
Rep. Thompson*

OFFERED IN THE HOUSE

TO: CSHB 374(FIN), Draft Version "N"

1 Page 1, line 1, following "Act":
2 Insert "relating to coverage under the Comprehensive Health Insurance
3 Association;"
4

5 Page 1, following line 5:
6 Insert a new bill section to read:

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*
10 under AS 21.55.310, the plan administrator shall request that the Department of Health
11 and Social Services provide information to the ~~enrollee or applicant~~ *person* about applying for
12 the federal benefits."
13

14 Page 1, line 6:
15 Delete "Section 1"
16 Insert "Sec. 2"
17

18 Renumber the following bill sections accordingly.
19

20 Page 3, line 24:
21 Delete "Section 2"
22 Insert "Section 3"
23

- 1 Page 3, line 25:
- 2 Delete "Sections 1 and 3 - 5"
- 3 Insert "Sections 1, 2, and 4 - 6"

Fund Source Report

1248 ACHI Fund Alaska Comprehensive Health Insurance Fund

Year Authorized	Year Repealed	Active?	Mental Health?	Duplicated?	Fund Group
2016		Yes	No	No	Designated General

No Appropriations during last 10 years

Legal Authority
AS 21.55.430(a)

Source of Revenue
Premium taxes and associated revenue as specified in AS 21.09.210, AS 21.33.055, AS 21.33.061, AS 21.34.180 and AS 21.66.110, excluding premium taxes collected for workers' compensation policies (AS 23.05.067(e)).

Restrictions on Use
The legislature may use the annual estimated balance in the fund to make appropriations to the Department of Commerce, Community and Economic Development to fund the reinsurance program under AS 21.55.

Description and History
May 2016

HB 374 established the ACHI fund, which was capitalized with insurance premium taxes collected in FY16. A fiscal note appropriated \$55 million from the fund in FY17 for a health care reinsurance program. Future premium taxes will flow into the ACHI fund and may be appropriated in the following year for a health care reinsurance program.

Prior to FY16, premium tax receipts were classified as unrestricted general funds. With the adoption of HB 374, that revenue stream is classified as designated general funds and may be appropriated as DGF to the Department of Commerce, Community and Economic Development for the reinsurance program.

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: HB 374
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB374CS(L&C)-DCCED-DOI-05-25-16
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 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services			***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits	55,000.0						
Miscellaneous							
Total Operating	55,000.0	0.0	***	***	***	***	***

Fund Source (Operating Only)

1178 temp code	55,000.0						
Total	55,000.0	0.0	***	***	***	***	***

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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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 to reflect the new committee substitute, show a 55 million dollar appropriation for the initial year, and show indeterminate expenditures in the out years.

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

Phone: (907)465-2560
Date: 05/25/2016 05:30 PM
Date: 05/25/16

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSHB 374(L&C)

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.

This fiscal note requests the appropriation of \$55 million of premium tax funds to the Division of Insurance, which will enter into a grant agreement under AS37.05.316 with ACHIA to reimburse for claims paid in excess of policy premiums collected.

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.

ADOPTED 5.26.2016

29-GH2126E
Wallace
5/25/16

CS FOR HOUSE BILL NO. 374(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FOURTH SPECIAL SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

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

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to funding for a reinsurance program; relating to the definition of
2 'residents who are high risks'; relating to an application for a waiver for state
3 innovation for health care insurance; and providing for an effective date."

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

5 * **Section 1.** AS 21.55 is amended by adding a new section to read:

6 **Sec. 21.55.430. Funding for a reinsurance program.** The legislature may
7 appropriate the revenue collected under AS 21.09.210, AS 21.33.055, 21.33.061,
8 AS 21.34.180, and AS 21.66.110, less the service fee amount under AS 23.05.067, for
9 the preceding fiscal year to the division of insurance to be used to fund the reinsurance
10 program under this chapter.

11 * **Sec. 2.** AS 21.55.500(20) is amended to read:

12 (20) "residents who are high risks" means residents who
13 (A) have been rejected for medical reasons after applying for a
14 subscriber contract, a policy of health insurance, or a Medicare supplement

1 policy by at least one association member within the six months immediately
2 preceding the date of application for a state plan; medical reasons may include
3 preexisting medical conditions, a family history that predicts future medical
4 conditions, or an occupation that generates a frequency or severity of injury or
5 disease that results in coverage not being generally available;

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

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

14 * **Sec. 3.** AS 21.96 is amended by adding a new section to read:

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

22 * **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).

5/27/15

ALASKA PREMIUM TAX RATES

ADMITTED	PERCENT
Domestic and Foreign Insurers (AS 21.09.210(b)(1))..... (Total Direct Premiums Less Dividends/Returns)	2.7%
Policies of Individual Life Insurance (AS 21.09.210(m))	
Premium up to \$100,000	2.7%
Premium in Excess of \$100,000.....	1/10 of 1%
Hospital and Medical Service Corporations (AS 21.09.210(b)(2))	6%
(Gross Premiums Less Claims Paid)	
Wet Marine and Transportation Insurance (AS 21.09.210(d))	3/4 of 1%
(Gross Underwriting Profit)	
Automobile Service Corporations (AS 21.59.070).....	2.7%
(Total Direct Premiums Less Dividends/Returns)	
Title Insurers (AS 21.66.110)	1%
(Gross Premium)	
Multiple Employer Welfare Arrangements (MEWA AS 21.85.100(4)).....	2.7%
(Total Contributions Less Excess of Loss and Pass through Premiums)	

SURPLUS LINES

Property and Casualty (Except Wet Marine and Transportation) Insurance (AS 21.34.180(a)).....	2.7%
(Gross Premiums Less Returned Premiums)	
Wet Marine and Transportation Insurance (AS 21.33.055)	3/4 of 1%
(Gross Underwriting Profit)	
Filing Fee - All Lines (AS 21.34.190)	1%
(Gross Premiums Less Returned Premiums)	

UNAUTHORIZED (AS 21.33.055)

All Lines Except Wet Marine and Transportation	3%
(Gross Premiums)	
Wet Marine & Transportation Insurance.....	3/4 of 1%
(Gross Premiums)	

INDEPENDENTLY PROCURED (AS 21.33.061)

All Lines (Except Wet Marine and Transportation Insurance).....	3%
(Gross Premiums)	
Wet Marine and Transportation Insurance	3/4 of 1%
(Gross Premiums)	

TAX CREDITS

- A tax credit is available for cash contributions for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, that are accepted by a nonprofit, public or private, Alaska two-year or four-year college or university accredited by a regional accreditation association or that are accepted by an Alaska university foundation that supports a university or college that could receive a contribution for which a credit is allowed. The amount of the credit is determined by a formula, but may not exceed \$150,000 per year when combined with other credits taken. (AS 21.89.070)
- A tax credit is available for cash contributions to Alaska veterans' memorial endowment fund effective from June 19, 2002 to July 1, 2003. The amount of the credit is determined by formula but may not exceed \$150,000 when combined with other credits taken.
- A tax credit is available for prequalified cash contributions for fire services programs made to the Alaska Fire Standards Council. The amount of the credit is determined by formula but may not exceed \$150,000 when combined with other credits taken and must be prequalified in writing by the director. The aggregate limit of prequalified contributions a year from all taxpayers is \$300,000. (AS 21.89.075)

LATE PAYMENT FEE

If a tax payment is late, a late payment fee will be assessed of \$50 per month plus five percent of the tax due per month up to a maximum of \$250 plus 25 percent of the tax due and interest of one percent per month. If payment is not received by the Automated Clearing House payment method, a penalty of 25 percent of the tax due will be assessed, with a minimum of \$100 and maximum of \$2,000.



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**DEPARTMENT OF COMMERCE, COMMUNITY
AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE**

HB 374 – Reinsurance Program; Health Insurance Waivers

presented to

House Finance

Director Lori Wing-Heier

May 26, 2016



Division of Insurance

The mission of the Division of Insurance is to regulate the insurance industry to protect Alaskan consumers.

- The division has a statutory responsibility to review and approve rules, forms and rates based on an analysis of whether they are excessive, inadequate, or unfairly discriminatory.
- The division does not have statutory authority to deny rates because of the financial impact to the consumer.



Timeline - *Update*

- September 2014 – Premera’s average increase 37.2%.
Moda’s average increase was 27.4%
- August 2015 – Premera’s average increase was 38.7%.
Moda’s average rate increase was 39.6%
- October 1, 2015 – Letter received that the 2014 risk corridor payments will be paid at 12.6% requests
- **May 2, 2016 – Moda announces exit from Alaska’s individual market beginning January 1st, 2017**
- **January 1, 2017 – State of Alaska has one insurer in the individual market on/off the federally facilitated exchange, impacting 23,000+ Alaskans**



HEALTH & HUMAN SERVICES

Another Health Insurer Abandons Alaska

BY TRIBUNE NEWS SERVICE | MAY 3, 2016



By *Laurel Andrews*



Moda Health will exit Alaska's individual insurance market next year, the company announced Monday, leaving only one health insurance provider in the state's market that, so far, has been defined by drastic annual rate increases for consumers and big losses for insurance companies.



Moda will focus on its other group and individual plans in the state, it said in a release. It may consider returning in the future but "the market requires significant reform in order to be sustainable," the company said.



The exit applies only to Moda's 14,000 customers who have health insurance plans on the individual marketplace. The company's other medical and dental plans are not affected by the decision, the company wrote.

RELATED

UnitedHealthcare's Exit Leaves Monopolies in Many Places

Why Health Insurers Are Closing in So Many States

"Obviously this is not good news," Alaska Division of Insurance Director Lori Wing-Heier said after the announcement.



Even the Wall Street Journal

By ANNA WILDE MATHEWS and STEPHANIE ARMOUR

 217 COMMENTS

May 15, 2016 7:47 p.m. ET

Health-insurance customers in a growing number of mostly rural regions will have just one insurer's plans to choose from on the Affordable Care Act's exchanges next year, as some companies pull out of unprofitable markets.

The entire states of Alaska and Alabama are expected to have only one insurer on the health law's signature online marketplaces next year, according to state regulators. The same is expected to be true in parts of several other states, including Kentucky, Tennessee, Mississippi, Arizona and Oklahoma, state regulators said.



Washington

THE SPOKESMAN-REVIEW

Wed., May 25, 2016

63° ☀

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LOCAL NEWS

Local news / Story

THURSDAY, MAY 12, 2016, 5:15 P.M.

Premera to stop offering individual health plans in some Eastern Washington counties



Three Rs

- **Risk Adjustment** transfers money among insurers to adjust for the possibility that some insurers may get more or less than their proportionate share of costly enrollees. Risk Adjustment is only:
 - ✓ Applied to the individual and small group market; and
 - ✓ Permanent program to help stabilize the costs of the ACA
- **Reinsurance** is one of the taxes associated with the ACA and is applied against health insurance policies and employer group health plans. Proceeds are used to provide the individual market plans with additional subsidies for higher-cost enrollees. The program sunsets in 2016
 - ✓ Attachment point in 2014 is \$45,000 but will increase to \$70,000 in 2015
 - ✓ Coinsurance decreases from 80% in 2014 to 50% in 2015
- **Risk Corridor** provides a range for profits or losses for insurance on the FFM. If an insurer has higher than expected profits, the federal government will “claw back” some of the premiums. Conversely, if an insurer has higher than expected losses, the federal government will pay the insurer additional subsidies to offset those losses. This program sunsets in 2016



We are working to keep the market solvent

Premera gets more time to file rates as fix awaits special session

By: [DJ Summers](#)

Alaska Journal of Commerce

Posted: Wed, 05/11/2016 - 4:42pm

Addressing Alaska's broken individual health insurance market will likely have to take place in special session of the Legislature, and in the meantime the state's last provider has been given extra time to calculate its rate increase for 2017.

Premera Blue Cross — Alaska's sole remaining individual insurance provider following the May 1 announcement by Moda Health that it will depart the market in 2017 — says it will stay in the Alaska market next year.

"Premera is committed to the Alaska market and will continue to offer individual coverage to Alaskans through the federal marketplace," said Premera spokesperson Melanie Coon in a statement.

Premera was due to release a rate schedule on May 11, but the circumstances will push that date back to this summer, Coon said. Because Moda dropped from Alaska's market, Premera, which covers 10,000 people in the state, has a new deadline to renew premium rate estimates to include the rates Moda charged its 14,000 customers.

"We've requested from the (Division of Insurance) Moda's numbers so we can kind of sharpen our pencils," said Coon. "We have until July."



2017 Rate Filings

- Premera must file rates with DOI by 7/15/16
- Rates must be approved 8/23/16
- Open enrollment begins 11/1/16
- Is then effective 1/1/17
- In order to include the reinsurance program in the 2017 rate filings, the insurer must have two weeks notice of the amount (if any) appropriated under HB374



Section 1332 Innovation Waiver

Alaska should explore a Section 1332 Innovation Waiver to allow the state to withdraw from the ACA if, *and subject to many provisions*, the state could provide the same benefits to consumers without any additional cost to the federal government.

States that are working on 1332:

- Colorado
- Minnesota
- Hawaii
- Massachusetts



Section 1332 Innovation Waiver

- Provide coverage at least as comprehensive as under the ACA
- Provide coverage and protection against excessive out-of-pocket expenditures at least as affordable as that provided under the ACA
- Cover a number of residents comparable to the number who would be covered under the ACA
- Not increase the federal deficit
- Must be authorized by the State Legislature
- Developed through a public process
- A state that is granted an innovation waiver that restricts access to premium tax credits, cost-sharing reduction premiums or the small employer tax credit can be paid the amounts that would have been paid to its residents under these programs to finance its waiver program



Conclusion

Questions?

CC Set 1

Paid Claims	237,774,342
Claims Removed	26,332,990
Remaining Claims	211,451,352
Percentage Remaining	88.9%
# Claimants	29,869
Claimants Removed	196
Remaining Claimants	29,673
Percentage Remaining	99.3%

HCC #	HCC
26	Mucopolysaccharidosis
70	Sickle Cell Anemia (Hb-SS)
112	Quadriplegic Cerebral Palsy
66	Hemophilia
75	Coagulation Defects and Other Specified Hematological Disorders
184	End Stage Renal Disease
118	Multiple Sclerosis
251	Stem Cell, Including Bone Marrow, Transplant Status/Complications

CC Set 2

Paid Claims	237,774,342
Claims Removed	53,872,151
Remaining Claims	185,845,858
Percentage Remaining	78.2%
# Claimants	29,869
Claimants Removed	495
Remaining Claimants	29,374
Percentage Remaining	98.3%

HCC # HCC

26	Mucopolysaccharidosis
70	Sickle Cell Anemia (Hb-SS)
112	Quadriplegic Cerebral Palsy
66	Hemophilia
75	Coagulation Defects and Other Specified Hematological Disorders
184	End Stage Renal Disease
118	Multiple Sclerosis
251	Stem Cell, Including Bone Marrow, Transplant Status/Complications
115	Myasthenia Gravis/Myoneural Disorders and Guillain-Barre Syndrome/Inflammatory and Toxic Neuropathy
10	Non-Hodgkin's Lymphomas and Other Cancers and Tumors
9	Lung, Brain, and Other Severe Cancers, Including Pediatric Acute Lymphoid Leukemia
8	Metastatic Cancer
247	Premature Newborns, Including Birthweight 2000-2499 Grams

CC Set 3

Paid Claims	237,774,342
Claims Removed	70,911,323
Remaining Claims	169,030,235
Percentage Remaining	71.1%
# Claimants	29,869
Claimants Removed	874
Remaining Claimants	28,995
Percentage Remaining	97.1%

HCC #	HCC
26	Mucopolysaccharidosis
70	Sickle Cell Anemia (Hb-SS)
112	Quadriplegic Cerebral Palsy
66	Hemophilia
75	Coagulation Defects and Other Specified Hematological Disorders
184	End Stage Renal Disease
118	Multiple Sclerosis
251	Stem Cell, Including Bone Marrow, Transplant Status/Complications
115	Myasthenia Gravis/Myoneural Disorders and Guillain-Barre Syndrome/Inflammatory and Toxic Neuropathy
10	Non-Hodgkin's Lymphomas and Other Cancers and Tumors
9	Lung, Brain, and Other Severe Cancers, Including Pediatric Acute Lymphoid Leukemia
8	Metastatic Cancer
247	Premature Newborns, Including Birthweight 2000-2499 Grams
109	Paraplegia
94	Anorexia/Bulimia Nervosa
254	Amputation Status, Lower Limb/Amputation Complications
48	Inflammatory Bowel Disease
2	Septicemia, Sepsis, Systemic Inflammatory Response Syndrome/Shock
159	Cystic Fibrosis
45	Intestinal Obstruction
29	Amyloidosis, Porphyria, and Other Metabolic Disorders
111	Amyotrophic Lateral Sclerosis and Other Anterior Horn Cell Disease
1	HIV/AIDS

CC Set 4

Paid Claims	237,774,342
Claims Removed	78,486,590
Remaining Claims	160,827,834
Percentage Remaining	67.6%
# Claimants	29,869
Claimants Removed	1,291
Remaining Claimants	28,578
Percentage Remaining	95.7%

HCC #	HCC
26	Mucopolysaccharidosis
70	Sickle Cell Anemia (Hb-SS)
112	Quadriplegic Cerebral Palsy
66	Hemophilia
75	Coagulation Defects and Other Specified Hematological Disorders
184	End Stage Renal Disease
118	Multiple Sclerosis
251	Stem Cell, Including Bone Marrow, Transplant Status/Complications
115	Myasthenia Gravis/Myoneural Disorders and Guillain-Barre Syndrome/Inflammatory and Toxic Neuropathy
10	Non-Hodgkin's Lymphomas and Other Cancers and Tumors
9	Lung, Brain, and Other Severe Cancers, Including Pediatric Acute Lymphoid Leukemia
8	Metastatic Cancer
247	Premature Newborns, Including Birthweight 2000-2499 Grams
109	Paraplegia
94	Anorexia/Bulimia Nervosa
254	Amputation Status, Lower Limb/Amputation Complications
48	Inflammatory Bowel Disease
2	Septicemia, Sepsis, Systemic Inflammatory Response Syndrome/Shock
159	Cystic Fibrosis
45	Intestinal Obstruction
29	Amyloidosis, Porphyria, and Other Metabolic Disorders
111	Amyotrophic Lateral Sclerosis and Other Anterior Horn Cell Disease
1	HIV/AIDS
56	Rheumatoid Arthritis and Specified Autoimmune Disorders
38	Acute Liver Failure/Disease, Including Neonatal Hepatitis
37	Chronic Hepatitis
119	Parkinson's, Huntington's, and Spinocerebellar Disease, and Other Neurodegenerative Disorders
35	End-Stage Liver Disease
69	Acquired Hemolytic Anemia, Including Hemolytic Disease of Newborn
113	Cerebral Palsy, Except Quadriplegic
71	Thalassemia Major
27	Lipidoses and Glycogenosis
46	Chronic Pancreatitis

Annualized Adjustment Estimate

2015 Adjusted Claims	197,993,163
Medical Trend Factor (2 years at 12%)	1.254
2017 Claim Estimate	248,362,624
2017 Premium Estimate	285,514,814

	Condition Set 1	Condition Set 2	Condition Set 3	Condition Set 4
2017 Claim Estimate	248,362,624	248,362,624	248,362,624	248,362,624
Estimated Percentage of Claims Remaining	88.9%	78.2%	71.1%	67.6%
Estimated Claims Remaining	220,867,450	194,121,722	176,557,286	167,989,626
Estimated Claims Ceded	27,495,174	54,240,902	71,805,338	80,372,998
Estimated Percentage of Claimants Remaining	99.3%	98.3%	97.1%	95.7%
<i>Estimated Percentage of Members Remaining</i>	<i>99.6%</i>	<i>98.9%</i>	<i>98.0%</i>	<i>97.0%</i>
Estimated Premium Ceded	1,281,127	3,235,499	5,712,780	8,438,443
Estimated Net Cost to Program	26,214,047	51,005,403	66,092,558	71,934,555