

**SB**

**165**

<TARGET><BILL>SB 165</BILL><SUBJECT>SB  
165</SUBJECT><COMM>HL&C30</COMM></TARGET>



# Alaska State Legislature

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Senator Anna MacKinnon — Senate District G

## MEMORANDUM

**DATE:** March 7, 2018

**TO:** Representative Sam Kito, Chair  
House Labor and Commerce Committee

**FROM:** Senator Anna MacKinnon, Co-Chair *Anna*  
Senate Finance Committee

**RE:** Senate Bill 165 Hearing Request

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I am requesting a hearing as soon as your committee schedule will permit for Senate Bill 165 relating to the Alaska Comprehensive Health Insurance Fund.

The purpose of this legislation is to extend the repeal date of the fund from June 30, 2018 to June 30, 2024, to allow for the continued effectiveness of the Alaska Reinsurance Program, meet the intent of the waiver, and receive the federal funding.

Thank you for your consideration and attention to this request. Please do not hesitate to contact Brittany Hartmann on my staff with any questions at 465-6412.

# ALASKA STATE LEGISLATURE

## SENATOR ANNA MACKINNON

State Capitol, Room 516  
Juneau, Alaska 99801-1182  
Phone: (907) 465-3777



12641 Old Glenn Hwy. Ste. 201  
Eagle River, Alaska 99801-1182  
Sen.Anna.MacKinnon@akleg.gov

### Sponsor Statement Senate Bill 165

“An Act relating to the Alaska comprehensive health insurance fund; and providing for an effective date.”

In 2015, the individual health care market in Alaska was in a precarious state. There were only two insurers with current enrollees in individual healthcare plans in Alaska, and each insurer was experiencing significant losses. Average premium rate increases in 2015 were 38.7% for one insurer and 39.9% for the other. In 2016, one of Alaska’s only two remaining insurers gave notice that they would be withdrawing from the Alaska individual market effective January 2017.

The 29<sup>th</sup> Legislature passed HB 374 in 2016, which created the Alaska Reinsurance Program, and allowed the Division of Insurance to apply for a federal Section 1332 state innovation waiver under the Affordable Care Act (ACA). That legislation included a sunset date of June 30, 2018 to ensure that the diversion of insurance premium taxes from the general fund was not relied upon as a long-term funding mechanism. In July 2017, the waiver was approved by both the Department of Health and Social Services and the Department of Treasury based on the application submitted by the division, which requested pass-through funding for the Alaska Reinsurance Program.

The federal award for this waiver was approximately \$322 million over five years. The award is to be used, in conjunction with the Alaska Reinsurance Program, to continue to stabilize the individual healthcare market in Alaska.

This legislation extends the sunset provision on the Alaska comprehensive health insurance fund by six years, from June 30, 2018 to June 30, 2024 to allow for the continuation of the Alaska Reinsurance Program and receipt of the federal funding.

The bill also removes the requirement that funds collected under AS 21.09.210 (tax on insurers), AS 21.33.055 (unauthorized insurance premium tax), AS 21.34.180 (surplus lines tax) and AS 21.66.110 (annual tax on title insurance premiums) are to be deposited into the Alaska comprehensive health insurance fund within the general fund.

Passage of HB374 by the 29<sup>th</sup> Legislature has resulted in stabilization of the individual insurance market. The Section 1332 state innovation waiver provides funding for the Alaska Reinsurance Program, through the Alaska comprehensive health insurance fund. Now this legislation is necessary to ensure the continued effectiveness of the Alaska Reinsurance Program, meet the intent of the waiver, and receive the federal funding.

ALASKA STATE LEGISLATURE  
SENATOR ANNA MACKINNON

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Eagle River, Alaska 99801-1182  
Sen. Anna.MacKinnon@akleg.gov

Sectional Analysis  
Senate Bill 165

“An Act relating to the Alaska comprehensive health insurance fund; and providing for an effective date.”

- \*Section 1:** Removes the requirement for the Department of Administration to separately account for revenue collected under AS 21.09.210 (tax on insurers), AS 21.33.055 (unauthorized insurance premium tax), AS 21.34.180 (surplus lines tax) and AS 21.66.110 (annual tax on title insurance premiums), and to deposit net proceeds into the Alaska comprehensive health insurance fund
- \*Section 2:** Extends the sunset date of the Alaska comprehensive health insurance fund from June 30, 2018 to June 30, 2024
- \*Section 3:** Repeals net proceeds definition due to the deletion of language in Section 1
- \*Section 4:** Adds a retroactivity clause, making Section 1 of the bill retroactive to July 1, 2018 if Section 1 of the Act takes effect after June 30, 2018, and making Section 2 of the bill retroactive to June 30, 2018 if Section 2 of the Act takes effect after June 30, 2018
- \*Section 5:** Provides for an immediate effective date for Section 4
- \*Section 6:** Provides for a June 30, 2018 effective date for Section 2. This is to correspond with the end of the state fiscal year for accounting purposes
- \*Section 7:** Provides for a July 1, 2018 effective date for Sections 1 and 3

# Fiscal Note

State of Alaska  
2018 Legislative Session

Bill Version:	SB 165
Fiscal Note Number:	1
(S) Publish Date:	2/26/2018

Identifier: SB165-DOA-DOF-02-15-18  
 Title: COMPREHENSIVE HEALTH INSURANCE FUND  
 Sponsor: MACKINNON  
 Requester: (S) L&C

Department: Department of Administration  
 Appropriation: Centralized Administrative Services  
 Allocation: Finance  
 OMB Component Number: 59

**Expenditures/Revenues**

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

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

**Change in Revenues**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2018) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2019) 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? No  
 If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version/comments:**

Not applicable, initial version.

Prepared By: Kelly O'Sullivan, Director  
 Division: Division of Finance  
 Approved By: Leslie Ridle, Commissioner  
 Agency: Administration

Phone: (907)465-3435  
 Date: 02/02/2018  
 Date: 02/15/18

REPORTED OUT OF  
SFC 02/28/2018

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2018 LEGISLATIVE SESSION

**Analysis**

This bill would extend the repeal date of the Alaska comprehensive health insurance fund statute from June 30, 2018 to June 30, 2024 and, effective July 1, 2018, would deposit insurance premium tax revenues into the general fund instead of the Alaska comprehensive health insurance fund. The general fund and the Alaska comprehensive health insurance funds are existing funds and the change should require minimal work with no significant fiscal impact to the Division of Finance. Therefore, the Division of Finance submits a zero fiscal note.

# Fiscal Note

State of Alaska  
2018 Legislative Session

Bill Version: SB 165  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: SB165-DCCED-DOI-02-16-18  
Title: COMPREHENSIVE HEALTH INSURANCE FUND  
Sponsor: MACKINNON  
Requester: (S) Labor and Commerce

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)

	FY2019	Included in	Out-Year Cost Estimates						
	Appropriation Requested	Governor's FY2019 Request	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>OPERATING EXPENDITURES</b>	<b>FY 2019</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>		
Personal Services									
Travel									
Services									
Commodities									
Capital Outlay									
Grants & Benefits									
Miscellaneous									
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None									
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time									
Part-time									
Temporary									

**Change in Revenues**

None									
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2018) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2019) 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? no  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version/comments:**

Not applicable, initial version.

Prepared By: <u>Lori Wing-Heier, Director</u>	Phone: <u>(907)465-2560</u>
Division: <u>Insurance</u>	Date: <u>02/16/2018</u>
Approved By: <u>Catherine Reardon, Director</u>	Date: <u>02/16/18</u>
Agency: <u>Division of Administrative Services, DCCED</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2018 LEGISLATIVE SESSION

BILL NO. SB 165

**Analysis**

This legislation extends the sunset provision on the Alaska Comprehensive Health Insurance Fund by six years, from June 30, 2018 to June 30, 2024. This legislation also removes the requirement that funds collected under AS 21.09.210 (tax on insurers), AS 21.33.055 (unauthorized insurance premium tax), AS 21.34.180 (surplus lines tax) and AS 21.66.110 (annual tax on title insurance premiums) are to be deposited into the Alaska Comprehensive Health Insurance Fund within the general fund.

# Fiscal Note

State of Alaska  
2018 Legislative Session

Bill Version: SB 165  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: SB165-DCCED-DOI-03-15-18  
Title: COMPREHENSIVE HEALTH INSURANCE FUND  
Sponsor: MACKINNON  
Requester: (H) Labor and Commerce

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)

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

**Change in Revenues**

1251 Non-UGF (Other)		61,537.0	65,716.3	71,177.8	75,859.0		
<b>Total</b>	<b>0.0</b>	<b>61,537.0</b>	<b>65,716.3</b>	<b>71,177.8</b>	<b>75,859.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2018) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2019) 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? no  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version/comments:**

Updated to reflect the federal pass through calculations.

Prepared By: <u>Lori Wing-Heier, Director</u>	Phone: (907)465-2560
Division: <u>Insurance</u>	Date: 03/15/2018
Approved By: <u>Catherine Reardon, Director</u>	Date: 03/16/18
Agency: <u>Division of Administrative Services, DCCED</u>	

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2018 LEGISLATIVE SESSION

BILL NO. SB 165

### Analysis

This legislation extends the sunset provision on the Alaska Comprehensive Health Insurance Fund by six years, from June 30, 2018 to June 30, 2024. This legislation also removes the requirement that funds collected under AS 21.09.210 (tax on insurers), AS 21.33.055 (unauthorized insurance premium tax), AS 21.34.180 (surplus lines tax) and AS 21.66.110 (annual tax on title insurance premiums) are to be deposited into the Alaska Comprehensive Health Insurance Fund within the general fund.

This fiscal note shows an increase in non-UGF revenues in FY19 to FY22. If this legislation is enacted, the Centers for Medicare and Medicaid Services estimate that the federal pass through funding for Alaska's Innovation Waiver will total \$322.7 million in FY18 to FY22. The Innovation Waiver and pass through funds were granted in FY18. Because the fiscal note template does not include FY18, only the estimates for FY19 to FY22 are included in this fiscal note. If this legislation is not enacted, these funds will not be received.



JUL - 7 2017

*Administrator*

Washington, DC 20201

The Honorable Bill Walker  
State of Alaska  
Office of the Governor  
State Capitol  
P.O. Box 110001  
Juneau, AK 99811-0001

Dear Governor Walker:

Thank you for your January 3, 2017, submission of and your May 9, 2017, addendum to Alaska's application for a State Innovation Waiver. I am pleased to send this letter from the Centers for Medicare and Medicaid Services on behalf of the Department of Health & Human Services and the Department of Treasury (collectively, the Departments).

This letter is to inform you that the Departments, having completed their review of the application, approve Alaska's State Innovation Waiver under section 1332 of the Patient Protection and Affordable Care Act (PPACA) as described below and conditioned upon: 1) the state's written acceptance within 30 days of the specific terms and conditions (STCs) that are enclosed with this letter and 2) enactment of legislation necessary to fund the reinsurance program for 2018. This approval is effective for a waiver period of January 1, 2018, through December 31, 2022.

Alaska's application sought waiver of the PPACA requirement for the single risk pool in order to implement the Alaska Reinsurance Program (ARP) for 2018 and future years. The Departments are granting Alaska's application to waive the single risk pool requirement in the individual market under section 1312(c)(1) of the PPACA, to the extent it would otherwise require excluding total expected State reinsurance payments when establishing the market-wide index rate for the purposes described in the state's application.

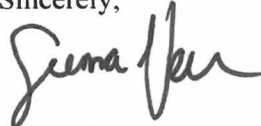
The enclosed STCs further define the state's responsibilities with respect to implementation of the waiver and use of pass-through funding during the waiver period and the nature, character and extent of anticipated federal oversight of the project. A breach of any of the STCs may lead to termination of Alaska's State Innovation Waiver.

Please send your written acceptance and any communications and questions regarding program matters or official correspondence concerning the waiver to Lina Rashid at [Lina.Rashid@cms.hhs.gov](mailto:Lina.Rashid@cms.hhs.gov) or [stateinnovationwaivers@cms.hhs.gov](mailto:stateinnovationwaivers@cms.hhs.gov).

Page 2 - The Honorable Bill Walker

Congratulations and we look forward to working with you and your staff. Please do not hesitate to contact us if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Seema Verma". The signature is fluid and cursive, with the first name "Seema" being more prominent and the last name "Verma" following in a similar style.

Seema Verma

Enclosure

**Cc: Thomas West, Acting Assistant Secretary for Tax Policy, U.S. Department of the Treasury**

DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS)  
U.S. DEPARTMENT OF THE TREASURY  
PATIENT PROTECTION AND AFFORDABLE CARE ACT SECTION 1332 STATE  
INNOVATION WAIVER  
SPECIFIC TERMS AND CONDITIONS

TITLE: State of Alaska — Patient Protection and Affordable Care Act Section 1332 Waiver  
Proposal

AWARDEE: The State of Alaska

I. PREFACE

The following are the specific terms and conditions (STCs) for the State of Alaska's (the state) Patient Protection and Affordable Care Act (PPACA) section 1332 State Innovation Waiver ("the waiver"), which has been approved by the U.S. Department of Health & Human Services (HHS) and the U.S. Department of the Treasury (the Departments). These STCs govern the operation of the waiver by the state. The STCs set forth, in detail, the State's responsibilities to the Departments during the term of the waiver, which is January 1, 2018, through December 31, 2022. Accordingly, these STCs are effective beginning January 1, 2018, and will terminate on December 31, 2022, unless the waiver is extended as provided by these STCs. The state's Proposal to Waive Certain Provisions of the PPACA – dated January 3, 2017, and updated with additional materials, is specifically incorporated by reference into these STCs, except with regard to any proposal to waive requirements under section 1301(a)(2) of the PPACA or any proposals or text otherwise inconsistent with the Departments' approval of the waiver or these STCs.

**1. PPACA Provisions Waived under Section 1332 State Innovation Waiver.** Section 1312(c)(1) of the Patient Protection and Affordable Care Act (P.L. 111-148) is waived to the extent it would otherwise require excluding total expected state reinsurance payments when establishing the market wide index rate for the purposes described in the state's application.

**2. Changes in State Law and the Reinsurance Program.** The Alaska Reinsurance Program (ARP) is a state-operated reinsurance program which covers claims in the individual market for individuals with one or more of 33 identified high cost conditions to help stabilize premiums. The ARP is administered by the State of Alaska and the Alaska Comprehensive Health Insurance Association (ACHIA). The state must inform the Departments if there is a change in Alaska state law that would impact the waiver, including any changes to the requirements under the ARP authorizing or appropriations legislation, including the amount of funding appropriated to the ARP. The state must report any changes in state law after June 22, 2017 within 30 days of any such changes.

In addition, the state must report any changes to the ARP such as changes to the class(es) of claims that qualify for ARP reimbursement or changes to eligibility criteria for enrollees' claims to be reimbursed under the ARP. Consistent with the waiver application, the State of Alaska and the ACHIA are responsible for any true-up of reinsurance payments that Alaska wishes to make to account for any duplicative reimbursement through the HHS-operated risk adjustment program for the same high cost claims through the HHS-operated risk adjustment program.

**3. Legislation Authorizing and Appropriating Funds to the ARP.** As required by the PPACA, no later than September 2018, the state must enact legislation to authorize the ARP beyond state fiscal year 2018. The state also must appropriate sufficient funds, on an annual or other appropriate basis, for the ARP to operate as described in the state's waiver application. The state must convey copies of its authorization and appropriation legislation, as well as any other legislation that may affect operation of the ARP, to the Departments within 2 days of passage.

**4. Compliance with Federal Non-Discrimination Statutes.** The state must comply with all applicable federal statutes relating to non-discrimination. These include the Americans with Disabilities Act of 1990, title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975 and section 1557 of the PPACA.

**5. Compliance with Applicable Federal Laws.** Per 31 CFR 33.120(a) and 45 CFR 155.1320(a), the state must comply with all applicable federal laws and regulations, unless a law or regulation has been specifically waived. A state must, within the applicable timeframes, come into compliance with any changes in federal laws or regulations affecting section 1332 waivers, unless the provision being changed has been expressly waived. The state will comply with requirements of the Cash Management Improvement Act (CMIA) if applicable.

**6. Changes to Applicable Federal Laws.** The Departments reserve the right to amend, suspend or terminate the waiver and STCs as needed to reflect changes to applicable federal laws or changes of an operational nature without requiring the state to submit a new waiver proposal. The Departments will notify the state at least 30 days in advance of the expected implementation date of the amended STCs to allow the state to discuss the changes necessary to ensure compliance with law, regulation and policy, and to provide comment. Changes will be considered in force upon the Departments' issuance of the amended STCs. The state must accept the changes in writing within 30 days of the Departments' notification for the waiver to continue to be in effect.

**7. Finding of Non-Compliance.** The Departments will review and, when appropriate, investigate documented complaints that the state is failing to materially comply with requirements specified in the waiver proposal and these STCs. In addition, the Departments will promptly share with the state any complaint that they have received and notify the state of any applicable monitoring and compliance issues.

**8. State Request for Suspension, Withdrawal or Termination of a Waiver.** The state may only suspend or request withdrawal of all or portions of a waiver plan consistent with the following requirements:

- a) Request for suspension, withdrawal, or termination: If the state wishes the Departments to suspend or terminate the waiver, or to withdraw a portion of the waiver, the state must submit a request to the Departments in writing, specifying the reasons for the requested suspension, withdrawal or termination; the effective date of the requested suspension, withdrawal or termination; and the proposed phase-out plan (with the comment summary described below). The state must submit its request and draft phase-

out plan to the Departments no less than six (6) months before the proposed effective date of the waiver's suspension, withdrawal or termination. Prior to submitting the request and draft phase-out plan to the Departments, the state must publish on its website the draft transition and phase-out plan for a 30-day public comment period and conduct tribal consultation. The state must include with its request and proposed phase-out plan a summary of each public comment received, the state's response to the comment and whether or how the state incorporated measures into a revised transition and phase-out plan to address the comment.

b) The state must obtain the Departments' approval of the transition and phase-out plan prior to the implementation of the phase-out activities. Implementation of phase-out activities must be no sooner than 14 days after the Departments' approval of the phase-out plan.

c) Unused pass-through funding will be returned to the Treasury. The state will comply with all necessary steps to return the funds within a prompt timeframe.

**9. Waiver Extension Request.** The state must inform the Departments as to whether the state will apply for continuation of the waiver one year prior to the waiver's end date. The Departments and the state will engage in further discussions to develop guidelines and define next steps for transition/phase out or continuation of the waiver. If the state does not apply for an extension of the waiver, CMS will provide guidance on the transition/wind-down of the state's waiver.

**10. Reporting:** The state will submit annual reports as specified in 31 CFR 33.124 and 45 CFR 155.1324. Each such report must include:

- The progress of the section 1332 waiver;
- Data sufficient to show compliance with section 1332(b)(1)(A) through (D) of the PPACA;
- A summary of the annual post-award public forum, held in accordance with §155.1320(c), including all public comments received at such forum regarding the progress of the section 1332 waiver and action taken in response to such concerns or comments.
- Other information consistent with the state's approved terms and conditions.

The state must submit a draft annual report to the Departments within 90 days after the end of the first waiver year and each subsequent year that the waiver is in effect. The state will publish the draft annual report on the state's public website within 30 days of submission to the Departments. Within 60 days of receipt of comments from the Departments on the report, the state must submit to the Departments the final annual report for the waiver year, summary of the comments and all comments received. The state must publish the final annual report on the state's public web site within 30 days of approval by the Departments.

The annual reports must include the following:

- 1) Metrics to assist evaluation of the waiver's compliance with the statutory requirements in section 1332(b)(1):
  - a. Actual individual market enrollment in the state.
  - b. Actual average individual market premium rate (i.e., total individual market premiums divided by total member months of all enrollees).
  - c. The actual Second Lowest Cost Silver Plan (SLCSP) premium under the waiver and an estimate of the SLCSP premium as it would have been without the waiver, for a representative consumer (e.g., a 21-year old non-smoker) in each rating area.
- 2) Changes to the ARP or other program changes as specified in STC 2.
- 3) Notification of changes to state law that may impact the waiver as specified in STC 2.
- 4) Reporting of:
  - a. Federal pass-through funding spent on reinsurance individual claim payments to issuers from the ARP and/or operation of the reinsurance program. Note: the state will make the first payment to issuers for claims incurred during the year on a quarterly basis by May 15, August 15, November 15, and February 15 of that year.
  - b. The unspent balance of federal pass-through funding for the reporting year, if applicable.
- 5) The amount of state funding appropriated to fully fund the ARP for the reporting year.
- 6) A claims breakout at an aggregate level for the top 5 conditions or cost drivers of the conditions covered in the regulation, including settings of care in the State of Alaska for the individual market.

*First Periodic Report:* Under 31 CFR 33.120(b) and 45 CFR 155.1320(b), the state must conduct periodic reviews related to the implementation of the waiver. The state will submit a report to the Departments on the operation of the ARP, including the plan for processing claims, by February 28, 2018.

**11. Post Award Forum.** Per 31 CFR 33.120(c) and 45 CFR 155.1320(c), within six months of the waiver's effective date and annually thereafter, the state will afford the public an opportunity to provide meaningful comment on the progress of the waiver. The state is required to publish the date, time and location of the public forum in a prominent location on the state's public web site at least 30 days prior to the date of the planned public forum. The state must also include a summary of this forum as part of the annual reporting requirements under 31 CFR 33.124 and 45 CFR 155.1324 as specified in STC 10.

**12. Monitoring Calls.** The state must participate in monitoring calls with the Departments that are deemed necessary by the Departments. The purpose of these calls is to discuss any significant actual or anticipated developments affecting the waiver. Areas to be addressed include the impact on the regulatory criteria discussed above and state legislative or policy changes. The Departments will update the state on any federal policies and issues that may affect any aspect of the waiver. The state and the Departments will jointly develop the agenda for the calls. It is anticipated that these calls will occur at least semi-annually.

**13. Federal Evaluation.** The Departments will evaluate the waiver using federal data, state reporting and the application itself to ensure that the Secretaries of the Departments can exercise appropriate oversight of the approved waiver. Per 31 CFR 33.120(f) and 45 CFR 155.1320(f), if requested by the Departments, a state must fully cooperate with the Departments or an independent evaluator selected by the Departments to undertake an independent evaluation of any component of the waiver. As part of this required cooperation, the state must submit all requested data and information to the Departments or the independent evaluator. The Departments will consider the evaluation costs to the federal government in the deficit neutrality assessment or have it taken into account in the pass-through funding calculation.

**14. Pass-through Funding.** Under section 1332(a)(3) of the PPACA, the state will be entitled to funding based on the amount of premium tax credits (PTC) that would have been provided to individuals under section 36B of the Internal Revenue Code in the State of Alaska absent the waiver, but will not be provided under the waiver, while considering all federal revenue. The Departments have evaluated the estimates in the application for a pass-through amount for the period of the waiver. The state will receive pass-through funding, paid on a quarterly basis, for the purpose of implementing the state plan under the waiver. The amount of pass-through funding due under the statute for the 2018 calendar year is estimated to be \$48,362,287. The amount for the 2018 to 2022 waiver period is estimated to be \$322,652,234. The Departments anticipate pass-through payment amounts will be made available in advance of quarterly ARP payments to the insurer(s). Please see Appendix A for information on the estimated pass-through calculation.

Starting with the 2018 plan year and each year thereafter, the state will provide: (1) the final SLCSP rates for a representative individual (e.g. a 21 year old non-smoker) in each rating area and (2) the state's estimate of what the final SLCSP rates for a representative individual in each rating area would have been absent approval of this waiver no later than September 15 of the preceding year. The state will include with this information the methods and assumptions the state used to estimate the final SLCSP rates for each rating area absent approval of this waiver.

The state also will provide by September 15 of the year preceding the plan year: (3) the total amount of all premiums expected to be paid in the non-group market for the plan year and (4) what total premiums would have been for the plan year without the waiver.

The amount of pass-through funding for plan year 2018 will be communicated to the state no later than October 31, 2017, conditional on receipt of items 1 through 4 in STC 10 above by September 15, 2017. The pass-through amount for plan years 2019 through 2022 will be calculated by the Departments annually (per PPACA section 1332(a)(3)) and reported to the state

not later than October 31 of the preceding year, conditional on receipt of the SLCSP premium and total premium information (items 1 through 4 above) by September 15. This will be the final calculation for the 2018 plan year.

The pass-through funds cannot be obligated by the state prior to the waiver effective date. The state agrees to use the full amount of pass-through funding for purposes of implementing the state's plan as approved by the Departments, including implementing the ARP for 2018 and future years. Moreover, to the extent pass-through funding exceeds that amount necessary for the reinsurance program to cover payments for individual claim payments to issuers under the ARP and/or operation of the reinsurance program, the remaining funds must be rolled over and used for purposes of implementing the state's plan under the waiver, such as making reinsurance payments in the next calendar year.

If the waiver is not extended, unused pass-through funds will be returned to the Treasury promptly following the end of the approved waiver period, December 31, 2022. The state will comply with all necessary steps to return the funds within a prompt timeframe.

**15. The Departments Right to Amend, Withdraw, Terminate or Suspend.** Under 31 CFR 33.120(d) and 45 CFR 155.1320(d), the Departments reserve the right to amend, withdraw, terminate or suspend the waiver (in whole or in part) at any time before the date of expiration, if the Departments determine that the state has materially failed to comply with these STCs or if the state fails to meet the specific statutory requirements or "guardrails" related to coverage, affordability, comprehensiveness or deficit neutrality.

a) The Departments will promptly notify the state in writing of the determination and the reasons for the suspension or termination, together with the effective date.

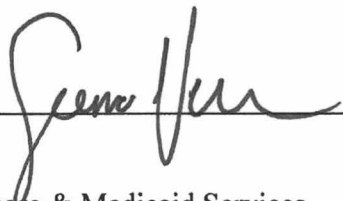
b) In the event that all or a portion of the waiver is terminated or suspended by the Departments or if all or a portion of the waiver is withdrawn, federal funding available after the effective date of the termination, suspension or withdrawal will be limited to normal closeout costs associated with an orderly termination, suspension or withdrawal, including service costs during any approved transition period and administrative costs of transitioning participants, as described in 31 CFR 33.120(e) and 45 CFR 155.1320(e).

c) Unused pass-through funding will be returned to the Treasury. The state will comply with all necessary steps to return the funds within a prompt timeframe.

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The Honorable Bill Walker  
Governor  
State of Alaska

Date: \_\_\_\_\_



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Seema Verma  
Administrator  
Centers for Medicare & Medicaid Services  
U.S. Department of Health & Human Services

Date: 7/17/17

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Thomas West  
Acting Assistant Secretary for Tax Policy  
U.S. Department of the Treasury

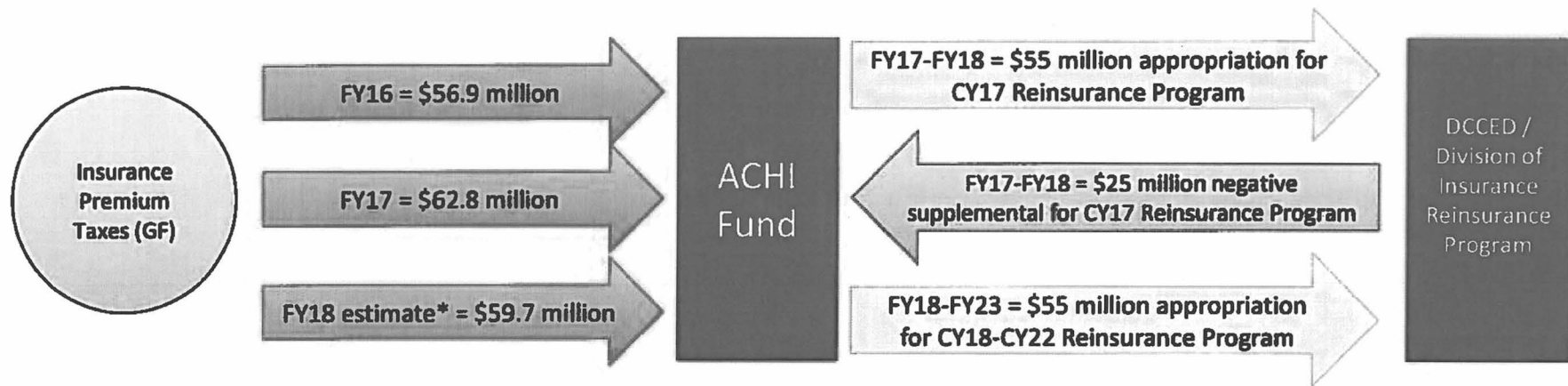
Date: \_\_\_\_\_

## Appendix A: Pass-Through Calculation Estimates for Alaska 1332 Waiver Application

The estimated pass-through amount is the PTC savings, less the reduction in individual shared responsibility payments (ISRP), plus the increase in Patient Centered Outcome Fee (PCORI), and less the reduction in Exchange fees.

	<b>PTC</b>	<b>ISRP</b>	<b>PCORI</b>	<b>Exchange fee</b>	<b>Total (Estimate)</b>
<b>2018</b>	50,499,719	-668,616	3,017	-1,471,833	48,362,287
<b>2019</b>	63,868,922	-684,360	727	-1,648,291	61,536,998
<b>2020</b>	68,211,504	-804,545	0	-1,690,708	65,716,251
<b>2021</b>	73,682,934	-599,819	0	-1,905,348	71,177,767
<b>2022</b>	78,545,053	-646,471	0	-2,039,651	75,858,931
<b>Total</b>	334,808,132	-3,403,811	3,744	-8,755,831	322,652,234

# Alaska Comprehensive Health Insurance (ACHI) Fund



	Fund Revenue	Appropriations
Estimated Total Deposits	\$179.4 million	
Total DCCED Appropriations		\$110 million
Total DOA FY2019 Appropriations		\$1 million
Negative Supplemental for CY2017 due to Premera Contribution		-\$25 million
<b>Estimated Unobligated Fund Balance</b>		<b>\$93.4 million</b>

- In FY2018, Premera contributed \$25 million to Alaska Comprehensive Health Insurance Agency (ACHIA) for the Reinsurance program. This contribution will offset part of the CY17 program.
- Appropriation of \$55 million for the CY18-CY22 federal waiver period was a required condition to receive the federal funds. The CY18-CY22 appropriation cannot be changed without impacting the availability of the estimated \$322 million in federal funding.

\*FY18 revenue estimate from the DCCED Division of Insurance, January 2018.



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of  
Health and Social Services

ALASKA COMMISSION ON AGING

P.O. Box 110693  
Juneau, Alaska 99811-0693  
Main: 907.465.3250  
Fax: 907.465.1398

March 12, 2018

Chair Sam Kito  
House Labor & Commerce Committee  
Alaska State Capitol, Room 403  
Juneau, Alaska 99811-1182

Subject: Support for SB 165, Comprehensive Health Insurance Fund

Dear Representative Kito:

The Alaska Commission on Aging is pleased to offer our support for SB 165 to extend the sunset provision for the Alaska Comprehensive Health Insurance Fund by six years, from June 30, 2018 to June 30, 2024, and to allow for the receipt of federal funding. In 2018, the Centers for Medicare and Medicaid Services calculated the federal contribution to the Alaska Reinsurance Program to be approximately \$58.5 million. This federal funding was made possible thanks to implementation of the 1332 innovation waiver successfully pursued by the Division of Insurance to establish this fund.

Alaska is the state with the highest costs of health care insurance and medical care in the nation due to our low population density, high transportation costs, and complicated health care delivery system. The Alaska Comprehensive Health Insurance Fund, established in 2016 by the Legislature, created a nonpartisan, innovative solution to stabilize the individual health care market by reinsuring claims for Alaskans with high cost medical conditions separately using a combination of state and federal funds which lowers the cost of premiums for other beneficiaries. This Fund, in combination with the Section 1332 state innovation waiver, has proven to be successful in reducing health care premiums for more than 18,000 Alaskans in addition to a 22% decrease in the average individual market plan this year, according to the Office of the Governor (February 9, 2018).

Lower cost health care is most welcomed by all Alaskans especially vulnerable citizens of modest income who buy insurance in the individual market and cannot afford higher cost premiums.

We believe SB 165 is good public policy that will allow the Alaska Comprehensive Health Insurance Fund to continue providing access to affordable health care insurance for all Alaskans as well as cost savings to the state. Thank you for hearing SB 165 in House Labor and Commerce Committee.

Sincerely,

Handwritten signature of David A. Blacketer in cursive.

David A. Blacketer  
Chair, Alaska Commission on Aging

Sincerely,

Handwritten signature of Denise Daniello in cursive.

Denise Daniello  
ACoA Executive Director



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of  
Health and Social Services

ALASKA COMMISSION ON AGING

P.O. Box 110693  
Juneau, Alaska 99811-0693  
Main: 907.465.3250  
Fax: 907.465.1398

March 12, 2018

Senator Anna MacKinnon  
Alaska State Capitol, Room 516  
Juneau, Alaska 99811-1182

Subject: Support for SB 165, Comprehensive Health Insurance Fund

Dear Senator MacKinnon:

The Alaska Commission on Aging is pleased to offer our support for SB 165, a bill authored by you and co-sponsored by Senators Hoffman, Stedman, Micciche, Bishop, Costello and Meyer to extend the sunset provision for the Alaska Comprehensive Health Insurance Fund by six years from June 30, 2018 to June 30, 2024 and to allow for the receipt of federal funding. In 2018, the Centers for Medicare and Medicaid Services calculated the federal contribution to the Alaska Reinsurance Program to be approximately \$58.5 million. This federal funding was made possible thanks to implementation of the 1332 innovation waiver successfully pursued by the Division of Insurance to establish this fund.

Alaska is the state with the highest costs of health care insurance and medical care in the nation due to our low population density, high transportation costs, and complicated health care delivery system. The Alaska Comprehensive Health Insurance Fund, established in 2016 by the Legislature, created a nonpartisan, innovative solution to stabilize the individual health care market by reinsuring claims for Alaskans with high cost medical conditions separately using a combination of state and federal funds which lowers the cost of premiums for other beneficiaries. This Fund, in combination with the Section 1332 state innovation waiver, has proven to be successful in reducing health care premiums for more than 18,000 Alaskans in addition to a 22% decrease in the average individual market plan this year, according to the Office of the Governor (February 9, 2018).

Lower cost health care is most welcomed by all Alaskans especially vulnerable citizens of modest income who buy insurance in the individual market and cannot afford higher cost premiums.

We believe SB 165 is good public policy that will allow the Alaska Comprehensive Health Insurance Fund to continue providing access to affordable health care insurance for all Alaskans as well as cost savings to the state. Thank you for your leadership on SB 165.

Sincerely,

Handwritten signature of David A. Blacketer in black ink.

David A. Blacketer  
Chair, Alaska Commission on Aging

Sincerely,

Handwritten signature of Denise Daniello in black ink.

Denise Daniello  
ACoA Executive Director

Cc: Senator Lyman Hoffman  
Senator Bert Stedman

Senator Click Bishop  
Senator Mia Costello

Senator Pete Micciche  
Senator Kevin Meyer