

ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES,

1993-1994

1166

240

- (5) one member who represents agents or brokers.

Sec. 21.56.070. REQUIRED REPORT.

The board shall study and report at least once every two years to the director and to the legislature on the effectiveness of this chapter. The report must analyze the effectiveness of the chapter in promoting rate stability, product availability, and coverage affordability.

Sec. 21.56.080. ADMINISTRATIVE PROCEDURE ACT.

The association is exempt from AS 44.62 (Administrative Procedure Act).

Sec. 21.56.090. TAX EXEMPTION.

The association is exempt from the payment of fees and taxes levied by the state or any of its political subdivisions except taxes levied on real or personal property.

Sec. 21.56.100. LIMITATION OF LIABILITY.

A member of the association is not liable for civil damages resulting from an act or omission of the member on behalf of the association unless the member acts with gross negligence or intentional misconduct.

Sec. 21.56.110. APPLICABILITY.

Sets the conditions that must be met for the individual or group health benefit plan to apply. Other provisions of law requiring coverage or benefits do not apply to these plans unless stated in this chapter.

Sec. 21.56.120. PREMIUM RATE RESTRICTIONS DISCLOSURES; REPORTS; CONFIDENTIALITY.

This section establishes the premium basis that small employer insurers may charge. They include maximums by percentage. Underwriting characteristics are established and disclosure is required by the insurer giving coverage. Information and specific groups or employers, employees filed with the director will be held in confidence.

Sec. 21.56.130. RENEWABILITY OF COVERAGE.

- (a) A health benefit plan subject to this chapter shall be renewable

at the option of the small employer, except for nonpayment of the required premiums; fraud or misrepresentation of the small employer or, with respect to coverage of individual insureds, the insureds or their representatives; noncompliance with the minimum participation or employer contribution requirements; repeated misuse of a provider network provision.

The director may find that the continuation of the coverage would not be in the best interests of the policyholders or certificate holders; or impair the insurer's ability to meet its contractual obligations than it may not be renewed.

(b) A small employer insurer that elects not to renew a health benefit plan for any reason and pulls out of the market may not write new business in the small employer market in this state for a period of five years from the date of notice to the director.

(c) If a small employer insurer is doing business in only one established geographic service area of the state, the provisions in this section apply only to the insurer's operation in that established service area.

Sec. 21.56.140. REQUIRED OFFER OF COVERAGE.

(a) A small employer insurer shall, as a condition of transacting business in this state with small employers, offer to small employers at least two health benefit plans.

(b) A small employer insurer shall file basic health benefit plans and the standard health benefit plans to be used by the insurer.

(c) The director at any time may disapprove the continued use by the small employer insurer of a basic or standard health benefit plan if the plan does not meet the requirements of this chapter.

Sec. 21.56.150. REQUIRED HEALTH BENEFIT PROVISION

This section establishes mandatory benefits if a plan is to be considered under this chapter. It also establishes guidelines for preexisting condition clauses to be used in plan coverage.

Sec. 21.56.160. EXEMPTION FROM REQUIRED OFFER OF COVERAGE.

This section establishes exemptions for small employer insurers which include but are not limited to geographical area, authorization of certificate of authority, and financial conditions.

Sec. 21.56.170. CONDITIONS FOR CEASING TO DO BUSINESS.

A small employer insurer, welfare arrangement may cease doing business in the state but must notify policy/contract holder and cannot participate in the small employer market for five years.

Sec. 21.56.180. FAIR MARKETING STANDARDS.

Establishing standards of how the standard and basic health plan is to be marketed. Puts limitations on compensation to agents, brokers, MGA, TPA involved in marketing the plan.

Sec. 21.56.250. DEFINITIONS.

Defines various terms used in the legislation.

Sec. 6. 21.86.260(a).

This title does not apply to health maintenance organization unless stipulated in this chapter.

Sec. 7. 21.86.260(a).

Same as above but add medical service corporation or hospital corporation licensed under 21.87 or 21.09.

Sec. 8. 21.87.340.

List other provisions applicable to this chapter.

Sec. 9. 21.87.340.

Same as above.

Sec. 10. PREMIUM RATE RESTRICTION.

This establishes guidelines for premium calculation/administration if a plan is written by an insurer prior to July 1, 1993.

Sec. 11. TRANSITION.

Establishes guidelines for implementation and effective dates for the plan and

the association.

Sec. 12. REPEAL AS 21.36.025 AND 21.56.

Sec. 13.

Sections 4, 7, 9, 12 take effect July 1, 1997.

Sec. 14.

Except as provided in section 13 of this Act, this Act takes effect July 1, 1993.

COMPREHENSIVE SMALL EMPLOYER PACKAGES

	CALIFORNIA	CONNECTICUT
Availability	Guaranteed issue of small employer products (group size 5-50 by 7/1/93; 4-50 by 7/1/94; 3-50 by 7/1/95) (1992 HB 1672) §10700(x), 10705(b);	Guaranteed issue §38a-552, 5682(b)
Group Size	3-50 §10700(x)	1-25 §38a-564(4)
Individual Policies	Individual policies sold to small employers meeting certain requirements are subject to this Act §10702	Insurers may issue individual special health care plans subject to the laws applicable to individual health insurance, provided such policies shall be identical to individual special health care plans made available by the Health Reinsurance Association. §38a-552, 566
Case Characteristics	Includes age (7 categories), geography (9 regions), family composition (4 categories), and plan design which are used to determine the standard employee risk rate §10700(w)	Appears to include everything except claims experience §38a-564(27)
Rating Restrictions	Premium rates may not vary from the standard employee risk rate by more than 120% nor less than 80% until July 1, 1996; effective July 1, 1996, premium rates may not vary from the standard employee risk rate by more than 110% nor less than 90% §10700(v), 10714	Premium rates may not exceed 200% of the lowest new business rate for the same or similar case characteristics §38a-567(5)
Transitional Period	See above	5 years; after July 1, 1995, rating restrictions will be applied to plans issued prior to July 1, 1990 §38a-567(5)
Renewal Rating	10% permitted for risk adjustment factors; renewal rates are effective for at least six months §10714(b)(2)	Trend plus 20% plus changes in case characteristics §38a-567(6)
Renewability	Guaranteed renewable except "for cause" §10705(b), 10713	Guaranteed renewable except "for cause" §38a-567(3)
Whole Groups	Carriers are required to take the whole group §10707	Cannot exclude eligible employees or dependents on the basis of an actual or expected health condition §38a-567(4)
Continuity of Coverage	Preexisting condition limitation of 6 months; credit shall be given if a person was covered under qualifying previous coverage if previous coverage was continuous 30 days prior to the new coverage, exclusive of applicable waiting periods; if employment is terminated or employer's contribution toward the coverage has terminated, there is a 90-day period allowed for continuity of coverage §10706, 10708(a,b), 10709(a)	Preexisting condition limitation of 12 months; credit shall be given if a person was covered under qualifying previous coverage if previous coverage was continuous 30 days prior to the new coverage, exclusive of applicable waiting periods: §38a-567(1,2)
Reinsurance type	Prospective/with opt out §10719, 10720(d)	Prospective/mandatory (effective 5/1/91) §38a-569
Reinsurance Price	No provision	Whole Group: 150% Individual: 500% §38a-569(c)
Cost Sharing	No provision	\$5000 for all plans except those which supplement the basic hospital or hospital surgical plans, in which case the deductible is \$2000 §38a-569(b1)
Assessments	No cap §10721	(1) Apportioned among all members in proportion to their respective shares of the total premiums earned from small group plans, (2) apportioned among all members in proportion to their respective shares of total premiums earned from other plans; members' assessments cannot exceed 40% of the total assessment for the first year; 50% for the second §38a-569 e(2)
Other	Establishes a purchasing pool for small employers §10730	
Effective Date	July 1, 1993, but see phase-in effective dates above	July 1, 1990

	DELAWARE	FLORIDA
Availability	Guaranteed issue (groups of 2-25) §7207(a)3	Guaranteed issue with cap (group size 3-25) (1992 SB 2390) §627.6699(3)c, (5)a
Group Size	1-25 §7202(cc)	1-25 §627.4106(c)a
Individual Policies	Does not apply to individual health policies §7203	With regard to rating and renewability provisions, does not apply to individual policies if the insurer certifies to the department that the policy was issued in good faith with no knowledge or intent that the policy is paid by or the premiums are reimbursed by a small employer §627.4106(f)
Case Characteristics	Demographic or other objective characteristics of small employer as considered by carrier in determination of premiums; Claims experience, health status, and duration of coverage are not case characteristics; small employer carrier shall not use characteristics other than age, gender, industry, geographic area, family composition, unhealthy lifestyle choices, and group size without prior approval of Commissioner §7202(g), 7204, 7205(4)	Demographic or other objective characteristics of small employer as considered by carrier in determination of premiums; Claims experience, health status, and duration of coverage are not case characteristics §627.4106(2)a
Rating Restrictions	Index rate for one class of business may not exceed the index rate for any other class of business by more than 20%; for a class of business, the premium rates charged small employers with similar benefit plans shall not vary from the index rate by more than 35%, with an additional combined variation of no more than 10% for gender and geography, and the actuarially justified adjustment for age and family composition, provided that the carrier file age and family composition tables with the Commissioner §7205(1,2)	Index rate for one class of business may not exceed the index rate for any other class of business by more than 20%; for a class of business, the premium rates charged small employers with similar case characteristics shall not vary from the index rate by more than 25% §627.4106(5)1,3
Transitional Period	For plans delivered or issued for delivery prior to the effective date of this chapter, a premium rate may have a one-year transition period §7205(7)	5 years §627.4106(9)
Renewal Rating	Trend plus 15% plus changes in case characteristics §7205(3)6	Trend plus 15% plus changes in case characteristics §627.4106(5)b
Renewability	Guaranteed renewable except "for cause" §7206	Guaranteed renewable except "for cause" §627.4106(6)
Whole Groups	Carriers must offer coverage to all eligible employees and dependents §7207(e)	Carriers must offer coverage to all eligible employees and dependents §627.6699(5)a(7)
Continuity of Coverage	Preexisting condition limitation of 12 months; credit shall be given if a person was covered under qualifying previous coverage if previous coverage was continuous 60 days prior to the new coverage, exclusive of applicable waiting periods §7207(c)	Preexisting condition limitation of 12 months; credit shall be given if a person was covered under qualifying previous coverage if previous coverage was continuous 30 days prior to the new coverage, exclusive of applicable waiting periods §627.6699(5)a(1)(2)
Reinsurance type	Prospective/with an opt-out §7210	Prospective/with an opt-out §627.6699(8)
Reinsurance Price	Whole Group: 150% Individual: 500% §7210(f)4	Whole Group: 150% Individual: 500% §627.6699(8)h(1)a,b
Cost Sharing	\$5,000 plus 10% of the next \$50,000 §7210(L)2b, (L)3a	\$5000 per year plus 10% of incurred claims during a calendar year §627.6699(8)9(4)
Assessments	Formula to be set by Board but must be 50% - 150% of carrier's proportional share of all reinsuring carriers' small employer premiums; maximum amount shall be 5% of total premiums earned in previous year from small employer plans §7210(L)2(b), (L)3a	1st tier: an amount not to exceed 5% of small employer premiums; 2nd tier, if necessary: an amount not to exceed .5% of premiums collected on all health benefit plans issued by small and large group carriers §627.6699(8)J(2)
Other	Allows reinsurance of existing business §7210(f)3	Carriers paying 2nd tier assessments will receive a credit for assessments paid to the Florida Risk Pool §627.6699(8)J(2)b
Effective Date	January 4, 1993	October 1, 1992 (rating & renewability provisions 10/1/91)

	HAWAII	IOWA
Availability	State run, employment based program; all residents are eligible	Guaranteed issue §513B
Group Size	No provision	1-25; however, must have at least 3 participating employees at the date of issue of health benefit plan §513B.3(12)
Individual Policies	No provision	Does not apply to individual policies which are subject to policy form and premium rate approval §513B.3
Case Characteristics	No provision	Case characteristics include age, industry classification, geographic area, family composition, and group size; gender may be used provided the insurance division has conducted an independent, actuarial study that determined use of gender to be actuarially justified; other case characteristics shall not be used without prior approval of commissioner §513B.2(4)
Rating Restrictions	No provision	Index rate for one class of business shall not exceed the index rate for any other class of business by more than 20%; for a class of business, the premium rates charged small employers with similar case characteristics shall not vary from the index rate by more than 25% §513B.4
Transitional Period	No provision	3 years §513B.4
Renewal Rating	No provision	Trend plus 15% plus changes in case characteristics §513B.4
Renewability	No provision	Guaranteed renewable except "for cause" §513B.5
Whole Groups	No provision	Must offer to whole group, except as permitted with regard to late enrollees §513B.7A(3)
Continuity of Coverage	No provision	Preexisting condition limitation of 12 months; credit shall be given if a person was covered under qualifying previous coverage if previous coverage was continuous 30 days prior to the new coverage, exclusive of applicable waiting periods §513B.7A(3)3
Reinsurance Type	No provision	Prospective/with an opt-out §513b.7(D)
Reinsurance Price	No provision	Whole Group: 150% Individual: 300% §513B.7(D)9(b)
Cost Sharing	No provision	\$5,000 and 10% of the next \$50,000 of incurred claims during a calendar year; liability maximum of \$10,00 in any one calendar year with respect to any reinsured individual §513B.7(D)8(D)
Assessments	No provision	Formula to be set by Board but must be 50% - 150% of carrier's proportional share of all reinsuring carriers' small employer premium; amount shall be 5% of total premiums earned in previous year from small employer plans §513B.7(D)11(2)
Other	Employees required to pay 1.5% of wages, or half the premium whichever is less; employers provide the balance for each employee working more than 20 hours per week; dependent coverage is optional; unemployed residents above poverty level pay a small fee for doctor visits and a portion of the premium with the remainder being funded by the State; poor are covered by Medicaid	
Effective Date		July 1, 1992

	KANSAS	MAINE
Availability	Guaranteed issue (group size: 3-25) (1992 SB 561) §4(b), 12(a)	Guaranteed issue (1992 HP 507) §2808-B 4(A)
Group Size	1-25 §3(x)	1-24 §2808-B 1(D)
Individual Policies	Individual policies issued to individuals and dependents totally independent of any group, association, or trust arrangement shall not be subject to this Act §4(e), 4(a)3(e)	No provision §2808-B(7)
Case Characteristics	Case characteristics include the geographic area, age and sex, industry classification, number of employees and dependents, family composition, and other objective criteria as may be approved by the commissioner; claims experience, health status, and duration of coverage are not case characteristics §3(g)	A carrier may not vary the premium due to the health status, claims experience or policy duration of the eligible group; age, gender, industry, and geography within the bands; family status, smoking status, participation in wellness programs, and group size may be used outside rate bands §2808-B 2(B)
Rating Restrictions	Index rate for one class of business shall not exceed the index rate for any other class of business by more than 20%; for a class of business, the premium rates charged small employers with similar case characteristics shall not vary from the index rate by more than 25% §7(1)(2)	Premium rates for age, gender, industry, and geographic area may not vary by +/- 50% of the community rate until 7/14/94, +/- 33% of the community rate until 7/14/95, +/- 20% of the community rate until 7/14/96, +/- 10% of the community rate until 7/14/97, and 0% of the community rate by 7/14/97; restrictions are repealed 7/14/94 unless continued or modified §2808-B 2(D)
Transitional Period	3 years §7(6)	None
Renewal Rating	Trend plus 15% plus changes in case characteristics §7(3)(b)	No provision
Renewability	Guaranteed renewable except "for cause" §5(c)	Guaranteed renewable except "for cause" §2808-B (4)B
Whole Groups	Prohibits carrier from excluding any employee or dependent on the basis of an actual or expected health condition §5(c)6(e)	(1990 - applies to all groups) Prohibits carriers from excluding any person from group; all new eligible employees must be added; may reject group until guaranteed issue is effective §2829-B
Continuity of Coverage	Preexisting condition limitations of 12 months and waiting periods not to exceed one year; waiting periods may be waived if individual was covered by a group policy prior to the effective date of coverage with no gap in coverage §5(a)(b)	(1990 - applies to all groups) Requires continuity for any person eligible for coverage in prior 3 months in a group replacement situation or for person moving from individual to group or group-to-group coverage; limit on 10% on premium rate increases for preexisting conditions during first 12 months of employment; preexisting condition limitations of 6 months for individual policies, except up to 24 months for any condition that as of the effective date of coverage requires ongoing medical treatment (H 1641) §2849-2(B)B,6 §2850(2)
Reinsurance Type	Prospective/with an opt-out §11(a)	Requires the Bureau of Insurance to report to the Banking and Insurance Committee on or before January 1, 1993, on reinsurance models with opt-out §5
Reinsurance Price	To be established by the reinsurance board §13(g)6	No provision
Cost Sharing	\$10,000 plus 10% of the next \$50,000; maximum in one calendar year shall not exceed 20% of total premiums §11(h)6(f)	No provision
Assessments	Not to exceed 5% of small employer plan premiums; second tier not to exceed 1% of total premium upon which assessment is based §11(k)2(c)	No provision
Other	Must reinsure the entire group; all carriers, whether reinsuring or not, subject to second tier assessment §11(k)2(b)	Marketing standards; superintendent will develop standardized plan §2808-B (5)
Effective Date	July 1, 1992	July 15, 1993 (for rating and guaranteed issue)

	MASSACHUSETTS	MINNESOTA
Availability	Guaranteed issue; however, until December 31, 1994, a carrier can limit the guaranteed issue requirement to 90 consecutive days a year; certain association groups are exempted from all but the reinsurance portion of the bill (1991 HB 6307) §2(b), 4(a)	Guaranteed issue of all products sold in small employer market (1992 HB 2400, SB 2603) §3 subd. 1, 4 subd. 1
Group Size	1-25 §1	2-29 §subd. 26
Individual Policies	Does not apply to individual policies §2(a)	All provisions except guaranteed issue apply to individual policies §12 subd. 1, 2, 6 subd. 27(f)(i)
Case Characteristics	Age, sex, rate basis type, industry, number of eligible persons, and participation rate of a group §1	Relevant characteristics of small employer as determined by carrier in determination of premiums; claims experience, health status, industry, duration of coverage, and gender are not case characteristics §2 subd. 6, 3 subd. 6
Rating Restrictions	Premium rates are limited to a 2-1 rate band; however, the following adjustments are permitted outside that band: benefit level, geography +/- 20%, group size +/- 5%, wellness discount -5%, phase out adjustment for experience and duration rating on existing business to reach +/- 15% by 12/31/94, age +/- 33% until 12/31/93 §3(a)1, 3(a)3(4), 3(a)7	Rates must not vary by more than +/- 25% of the index rate for same or similar coverage; inside the rating band, variations can be based only on health status (includes refraining from tobacco use or other actuarially valid lifestyle factors), claims experience, industry, and length of time employer has been covered; adjustments outside the band: age +/- 50%, geography +/- 20%, rate cells are permitted based on number of adults and children covered under the policy §8 subd. 2, 3, 4, 5, 6
Transitional Period	Phase out of rating restrictions §3(a)8	None
Renewal Rating	Trend plus 10% plus changes in case characteristics §3(b)	No provision
Renewability	Guaranteed renewable except "for cause" §4(b)(1)(2)	Guaranteed renewable except "for cause" §3 subd. 5
Whole Groups	Prohibits policies from excluding eligible employees or eligible dependents on the basis of an actual or expected health condition of such person §5(a)	Application must include all eligible employees §4 subd. 1
Continuity of Coverage	Preexisting condition exclusion of 6 months; credit shall be given if a person was covered under qualifying previous coverage if previous coverage was continuous 30 days prior to the new coverage and if previous coverage was reasonably actuarially equivalent to new coverage §5(b)	Preexisting condition exclusion of 12 months; requires credit for time covered under qualifying prior coverage; permits 18 month preexisting condition limitation for late entrants §3 subd. 4
Reinsurance Type	Prospective/mandatory, for commercials §8	prospective/with an opt-out §13, 18(1)
Reinsurance Price	Whole Groups: 150% Individuals: 500% §8(1)(2)	Whole Groups: 150% Individuals: 500% §21(1)
Cost Sharing	\$5,000 §8	\$5,000, plus 10% of the next \$50,000 §20(1)
Assessments	5% of small employer premiums; if inadequate, other funding sources will be recommended §8(7)	Initially, \$100; in addition, not to exceed 4% of the member's small group market premium (if it is determined that premium charges are insufficient to cover the losses) §22(2)(3)
Other		Loss ratios: Initially 65% for individual policies, 75% for group policies; increases by 1% per year to 70% and 80%, respectively §8(1)
Effective Date	April 1, 1992	Most provisions July 1, 1993

	MISSOURI	NEW HAMPSHIRE
Availability	Guaranteed issue (1992 SB 796) §6	No provision (1992 HB 321)
Group Size	3-25 §1(28)	2-50 §420-F:1(XI)
Individual Policies	No provision §2(1)(2)(3), 3	Does not apply to individual health policies which are subject to policy form and premium rate approval §420-F:2(II)
Case Characteristics	Relevant demographics of small employer as considered by carrier in determination of premiums; claims experience, health status, and duration of coverage are not case characteristics §1(9), 4(10)	Relevant demographics of small employer as considered by carrier in determination of premiums; claims experience, health status, and duration of coverage are not case characteristics §420-F:1(IV)
Rating Restrictions	Index rate for one class of business shall not exceed the index rate for any other class of business by more than 20%; for a class of business, the premium rates charged small employers with similar case characteristics shall not vary from the index rate by more than 25% §4(1)(2)	Rates charged during a rating period to small employers with similar case characteristics for same or similar coverage shall not vary from the index rate by more than 30% §420-F:3(Ta)
Transitional Period	1 year §4(3)b	5 years §420-F:3(T)(3)c
Renewal Rating	Trend plus 15% plus changes in case characteristics §4(3)b	Trend plus 15% plus changes in case characteristics §420-F:3(T)2
Renewability	Guaranteed renewable except "for cause" §5	Guaranteed renewable except "for cause" §420-F:4
Whole Groups	Insurer must cover the whole group §6(5)a	Insurer must cover the whole group §420-F:4
Continuity of Coverage	Preexisting condition limitation of 12 months; credit shall be given if a person was covered under qualifying previous coverage if previous coverage was continuous 30 days prior to the new coverage, exclusive of applicable waiting periods §6(2)(2)	Preexisting condition limitations consistent with insurance department rules
Reinsurance Type	Prospective/mandatory with an opt-out after three years §7(1)	No provision
Reinsurance Price	Whole Group: 150% §7(9)2	No provision
Cost Sharing	\$5,000 plus 10% of the remaining incurred claims; maximum limit of \$25,000 §7(8)3	No provision
Assessments	Formula to be set by Board but must be 50% - 150% of carrier's proportional share of all reinsuring carriers' small employer premiums; maximum amount shall be 5% of total premiums earned in previous year from small employer plans §11(2)b, 11(3)c	No provision
Other		
Effective Date	Guaranteed issue and continuity of coverage provision effective July 1, 1994; all other sections effective July 1, 1993	January 1, 1993

NEW JERSEY	
Availability	Continuous open enrollment (guaranteed issue) §3b
Group Size	2-49 §1
Individual Policies	Applies to all health benefit plans covering eligible employees of one or more small employers §2
Case Characteristics	Prohibits the use of age, sex, health status, residence or occupation with community rating. §1
Rating Restrictions	Rates may not exceed 4 times the base premium rate charged to the lowest-rated group. Plans must be community rated by 1/1/97. 1/1/94 to 12/31/95, premium rates charged to highest rated group shall not be greater than 300% of rate charged to lowest rated group. 1/1/96 to 12/31/96 greater than 200%. §9
Transitional Period	Policies whose term extends beyond 12/31/93. Policies contracted on or after 1/1/94. §9(h)(i)
Renewal Rating	Beginning 1/1/95 may make informational filing with commissioner of increase or decrease provided the loss ratio not be less than 75% of the premium. §9g
Renewability	Guaranteed renewable except "for cause" §7
Whole Groups	Must offer coverage to all employees and their dependents. Cannot exclude based on actual or expected health condition. §2
Continuity of Coverage	Generally no preexisting condition limitation. Pre-ex may apply to a group of 2-5 if the period is 180 days forward and 6 months back, however, if 10 or more late enrollees request coverage pre-ex does not apply. Credit shall be given if a person was covered under qualifying previous coverage if previous coverage was continuous 30 days prior to the new coverage, exclusive of applicable waiting periods. §6
Reinsurance Type	Prospective §12
Reinsurance Price	Whole Group: 150% Individual: 500% §20
Cost Sharing	Receive reimbursement in accordance with standards developed by board. §19a
Assessments	Apportioned among all reinsuring members in proportion to their respective shares of the premiums earned from small group plans. Additional assessments of all members not to exceed 1% of premiums. §21e
Other	No pre-ex permitted - see continuity of coverage. Some earning-paying 2nd tier assessments will receive a credit. §21c
Effective Date	

	NEW YORK	NORTH CAROLINA
Availability	Continuous open enrollment (guaranteed issue) (1992 A 12350-A) §3231	Guaranteed issue §58-50-125(d)
Group Size	5-50 for open enrollment §3231	3-25 §58-50-110(22)
Individual Policies	Must be community rated and must be offered through open enrollment §3231	Does not apply to individual health policies §58-50-115
Case Characteristics	Prohibits the use of age, sex, health status, or occupations; geography is permitted on a county-wide (or larger) basis; Since not prohibited, presumably group size, participation, wellness, and other case characteristics are permitted §3231(a,b)	Relevant demographics of small employer as considered by carrier in determination of premiums; claims experience, health status, and duration of coverage are not case characteristics §58-50-110(6)
Rating Restrictions	No statutory restrictions on permitted case characteristics, but Department has rate approval authority for initial rates §3231(c)(c)	Index rate for one class of business shall not exceed the index rate for any other class of business by more than 25%; for a class of business, the premium rates charged small employers with similar case characteristics shall not vary from this index rate by more than 35% §58-50-130(b)1,2
Transitional Period	The one-year delay in effective date is viewed as the transition period	3 years §58-50-130(b)7
Renewal Rating	Prior rating approval; beginning April 1, 1994, rates shall be deemed approved if policy has an anticipated loss ratio of not less than 75% §3231(a), 3231(2)a	Trend plus 15% plus changes in case characteristics §58-50-130(b)5(b)
Renewability	Coverage may not be terminated due to claims experience §3231	Guaranteed renewable except "for cause" §58-50-130a(3)
Whole Groups	Carriers must offer coverage to all employees and their dependents §3231	No provision
Continuity of Coverage	Plans must credit the time a person was covered under previous health insurance plan or benefit arrangement if the previous coverage was continuous to a date not more than 60 days prior to the effective date of new coverage §3232(a), 4318(a)	Preexisting condition limitation of 12 months; credit shall be given if a person was covered under qualifying previous coverage if previous coverage was continuous 30 days prior to the new coverage, exclusive of applicable waiting periods §58-50-130
Reinsurance Type	Regulations shall include reinsurance or pooling process designed to share the risk of high claims costs; cost variations based on demographic factors and possible adverse selection §3233(c)	Prospective/with an opt-out §58-50-150
Reinsurance Price	No provision	Whole Group: 130% Individual: 500% §58-50-150(g)2(g)
Cost Sharing	No provision	\$5,000 plus 10% of the next \$50,000 §58-50-150(e)2(c)
Assessments	No provision	First 3 years: 50% - 150% of amount it would have been had assessments been based on proportional relationship of small carrier's total premiums; not to exceed 4% §58-50-150(i)
Other	1 and 2 live employers must be classified in either the individuals or small groups rating category by the insurer §3231(b)	
Effective Date	Community rating and open enrollment take effect April 1, 1993; continuity of coverage takes effect January 1, 1993 §21	January 1, 1992

OHIO	
Availability	Modified open enrollment. Carriers must open enroll 1/2 of 1% of total block of business.
Group Size	2-50 §3923.58
Individual Policies	Subject to law if any portion of the premium or benefits is paid by the employer, or any individual is reimbursed for any portion of the premium. §3924.02(A)
Case Characteristics	Geography, age, sex and industry classification. Does not include claims experience, health status or duration of coverage. §3924.01(B)
Rating Restrictions	Premium rates for small employer plans with similar case characteristics may not vary from the midpoint rate for those small employers by more than 35% of that midpoint rate. §3924.04
Transitional Period	Rates that exceed rate band may not use experience.
Renewal Rating	Trend plus 15% changes in case characteristics. §3924.04(C)
Renewability	Guaranteed renewable except "for cause." §3924.03(C)
Whole Groups	Cannot exclude eligible employees or dependents on the basis of an actual or expected health condition. §3924.03(F)
Continuity of Coverage	Preexisting condition limitation of 12 months relating to conditions 6 months before coverage. Waiting periods shall not be more than 90 days. Plans shall credit the time a person was covered under a previous health plan for 30 days prior to the effective date of the new coverage, exclusive of any applicable waiting period. Late enrollees may be excluded up to 24 months. §3924.03 (A)(B)
Reinsurance Type	§3924.07
Reinsurance Price	Whole Group: 150% Individual: 500% §3924.12(A)
Cost Sharing	
Assessments	Apportioned among all members in proportion to their respective shares of the total premiums earned from small group plans. Assessment will not exceed 1%. §3924.13(B)
Other	
Effective Date	

	OREGON	RHODE ISLAND
Availability	Guaranteed issue (1991 SB 1076) §6(4)	Guaranteed issue (groups of 3-25) (1992 H 9011 Sub. A) §27-49-8(A)
Group Size	3-25 §3(25)	1-50 §27-49-4(AA)
Individual Policies	Applies to individual policies providing health benefits covering one or more employees of a small employer; provisions of OR 742.005 do not apply to individual policies subject to this law §5(1)(2)	Does not apply to individual health policies. §27-49-4
Case Characteristics	Geography and differences in family size and composition §7(6)b	Relevant demographics of small employer as considered by carrier in determination of premiums; claims experience, health status, and duration of coverage are not case characteristics §27-49-3(F)
Rating Restrictions	Premium rates may not vary from the geographic average rate by more than 33% except that the premium rate may be adjusted to reflect the provision of additional benefits not covered by the basic health care plan and differences in family size and composition §7(6)b	Index rate for one class of business shall not exceed the index rate for any other class of business by more than 20%; for a class of business, the premium rates charged small employers with similar case characteristics shall not vary from the index rate by more than 25% §27-49-6(1,2)
Transitional Period	Effective on the date the reinsurance pool becomes operational §7(10)a	3 years §27-49-6(7)
Renewal Rating	Trend plus 15% plus adjustments to reflect provision of benefits not required to be covered by basic health care plan §7(6)c(B)	Trend plus 15% plus changes in case characteristics §27-49-6(3)b
Renewability	Guaranteed renewable except "for cause" §7(4)	Guaranteed renewable except "for cause" §27-49-7
Whole Groups	Prohibits carriers from excluding individuals on the basis of actual or expected health condition §7(3)	Carriers are required to take the whole group §27-49-8c(5a)
Continuity of Coverage	Preexisting condition limitation of 6 months; credit shall be given if the person was covered under a previous group or individual plan if the previous coverage was continuous 30 days prior to the new coverage, exclusive of applicable waiting periods §7(1)(2)	Plans must credit the time a person was covered by qualified previous coverage provided the coverage was continuous; qualified previous coverage is defined as Medicare, Medicaid, employer-based health insurance, or individual insurance providing similar or exceeding benefits. §27-49-8(e)
Reinsurance Type	Prospective/with an opt-out §10,11	Prospective/with an opt-out §27-49-11
Reinsurance Price	Existing business: none Whole Group: 150% Individual: 300% §11(8)a,b	Whole Group: 150% Individual: 500% §27-49-11(9)(2)
Cost Sharing	\$5,000 plus 15% of the next \$100,000 §11(7)d	First \$5,000 of reinsured claims §27-49-11(9)(4A)
Assessments	Maximum assessment is 4% of small employer premium plus 1% of members' total health insurance premiums §11(12)a	5% of total premiums earned in small employer market §27-49-11(L)(3)c
Other		Standard and economy health benefit plans are included within the law and are based on Rhode Island's low-cost limited mandated benefit law. Copayment, deductibles, and coinsurance are outlined. §27-49-12
Effective Date	On or after the date the Oregon Small Employer Reinsurance Pool becomes operational	July 21, 1992

SOUTH CAROLINA	
Availability	No provision
Group Size	1-25 §38-71-920(1)
Individual Policies	Does not apply to individual health policies subject to policy form and premium rate approval §38-71-930(A,B)
Case Characteristics	Relevant demographics of small employer as considered by carrier in determination of premiums; claims experience, health status, and duration of coverage are not case characteristics §38-71-920(3)
Rating Restrictions	Index rate for one class of business shall not exceed the index rate for any other class of business by more than 20%; for a class of business, the premium rates charged small employers with similar case characteristics shall not vary from the index rate by more than 25% §38-71-940
Transitional Period	5 years §38-71-940(A)4
Renewal Rating	Trend plus 15% plus changes in case characteristics §38-71-940(A)3(B)
Renewability	Guaranteed renewable except "for cause" §38-71-950
Whole Groups	Prohibits carriers from excluding any individual from the group; however, in groups of 10 or less, evidence of individual insurability may be required §38-1-730(3)
Continuity of Coverage	Preexisting condition limitations of 12 months; credit shall be given for time served under a prior plan if the coverage is selected when the person first becomes eligible and the coverage is continuous; service waiting periods are not considered to interrupt continuous service §38-71-730(4)
Reinsurance Type	No provision
Reinsurance Price	No provision
Cost Sharing	No provision
Assessments	No provision
Other	
Effective Date	January 1, 1992

	TENNESSEE	VERMONT
Availability	Guaranteed issue (1992 SB 2578) §8(E)	Guaranteed issue §4080a(4)d(1)
Group Size	3-25 §3(24)	1-49 §4080a(1)
Individual Policies	Does not apply to individual policies §6(a,b)	May not offer a health benefit plan or insurance policy to individual employees or members of a small group as a means of circumventing the act §4080a(4)h(3)m
Case Characteristics	Relevant demographics of small employer as considered by carrier in determination of premiums; claims experience, health status, and duration of coverage are not case characteristics §3(6)	The following risk classification factors are prohibited: demographic rating, including age and gender, geographic area rating, industry rating, medical underwriting and screening, experience rating, tier rating, or durational rating; Commissioner may by rule permit carriers to use one or more risk classifications §4080a(h)l
Rating Restrictions	Index rate for one class of business shall not exceed the index rate for any other class of business by more than 25%; for a class of business, the premium rates charged small employers with similar case characteristics shall not vary from the index rate by more than 35% §9(b)	Premiums may not deviate by more than +/- 20% of the community rate filed by the small employer carrier §4080a(h)2
Transitional Period	3 years §9(b)7	In force business will not be subject to the provisions of the Act until the later of the date of renewal, anniversary, or July 1, 1992 §5112(b)b
Renewal Rating	Trend plus 15% plus change in case characteristics 9(b)3(B)	No provision
Renewability	Guaranteed renewable except "for cause" §9(3)	Must guarantee rates for six months; must guarantee acceptance §4080a(k)
Whole Groups	No provision	Carrier must take entire group §4080a(a)4(d)
Continuity of Coverage	Preexisting condition limitation of 12 months; plans shall credit the time person was covered under a previous group health benefit plan if previous coverage was continuous 30 days prior to the new coverage §9(1,2)	Preexisting condition limitation of 12 months; limitation shall be waived if there is evidence of substantially equivalent continuous coverage during previous 9 months §4080a(g)
Reinsurance Type	Prospective/with an opt-out §13(s)	Prospective/mandatory for commercials; participants must guarantee solvency w/out limitation on a pro-rata basis §4080a(o)
Reinsurance Price	Whole Group: 150% Individual: 500% §13(g)2(c)	No provision
Cost Sharing	\$5,000 plus 10% of the next \$50,000 §13(g)2(e)	No provision
Assessment	Capped at 5% of small employer premiums; formula to be set by board but may be 50% to 150% of carrier's proportional share of all reinsuring carriers' small employer premiums §13(h)2,4	No provision
Other	Guaranteed issue requirement suspended if assessment cap is reached §13(b)4	Participation requirement = 75% of employees; most provisions do not apply to registered carriers who on 1/1/91 and thereafter have written or collected less than \$100,000 in annual gross premiums for group health benefit plans §4080a(1)h(3)l
Effective Date	July 1, 1992; January 1, 1993 for preexisting condition and guaranteed renewable provisions	July 1, 1992

	VIRGINIA	WISCONSIN
Availability	Guaranteed issue. * §38.2-3431(D) (*1993 HB 2353 amendments awaiting Governor's signature)	Guaranteed issue (1992 A 655) §635.26
Group Size	2-23 for primary small group, 2-50 for small group §38.2-3431(B)	2-25 §635.20(12)a
Individual Policies	Subject if any portion of the premiums or benefits is paid by the employer, if the employee is reimbursed or if the plan is treated as part of a program for the purpose of the US Internal Revenue Code. §38.2-3431(A)	Applies to individual policies §635.02(B)
Case Characteristics	Based on a community rate subject to demographic rating including age, gender and geography. May not use claim experience, health status or duration. *	Relevant demographics of small employer as considered by carrier in determination of premiums; claims experience, health status, and duration of coverage are not case characteristics §6305.05(2)(3), 635.18(4)
Rating Restrictions	Premium rates charged by a small employer may deviate above or below the community rate by no more than 20% for claim experience, health status and duration only during a rating period for such groups within similar demographics for the same or similar coverage. Rating factors, including case characteristics will be applied consistently with respect to all primary small employers in similar demographics. Adjustments in rates for claim experience, health status and duration from issue may not be applied individually. *	Premium rates for small employer plans with similar case characteristics may not vary from the midpoint rate for those small employers by more than 35% of that midpoint rate §635.05(1)
Transitional Period	No provision	3 years
Renewal Rating	No provision	Trend plus 15% plus changes in case characteristics §635.05(2)2
Renewability	Guaranteed renewable except "for cause" §38.2-3432(P)	Guaranteed renewable except "for cause" §635.07
Whole Groups	Prohibits carriers from excluding individuals because of health status §38.2-3432(1)(3)	Insurer must offer coverage to the entire group §635.25(2)
Continuity of Coverage	Preexisting condition limitation of 12 months; time shall be credited to a person covered under previous individual or group coverage in the small employer market of equal or greater value if coverage was continuous 30 days prior to new coverage, exclusive of applicable waiting periods. Late enrollees may be excluded for 18 months. §38.2-3432(1)(3)	Preexisting condition limitation of 12 months; credit shall be given to individuals who were previously covered by qualifying coverage if the coverage was continuous 30 days prior to the new coverage, exclusive of applicable waiting periods §635.17
Reinsurance Type	No provision	Reinsurance type and assessments shall be studied by the Health Insurance Board §635.23
Reinsurance Price	No provision	No provision
Cost Sharing	No provision	No provision
Assessments	No provision	No provision
Other		
Effective Date	April 1, 1994	Day after publication

WYOMING	
Availability	Guaranteed issue §26-19-306
Group Size	2-25 §26-19-302(xvii)
Individual Policies	Does not apply to individual policies which are subject to approval for policy form §26-19-303
Case Characteristics	Relevant demographics of small employer as considered by carrier in determination of premiums; claims experience, health status, and duration of coverage are not case characteristics §26-19-302(v)
Rating Restrictions	Index rate for one class of business shall not exceed the index rate for any other class of business by more than 20%; for a class of business, the premium rates charged small employers with similar case characteristics shall not vary from the index rate by more than 25% §26-19-304
Transitional Period	3 years §26-19-304(e)viii
Renewal Rating	Trend plus 15% plus changes in case characteristics §26-19-304(e)iii(B)
Renewability	Guaranteed renewable except "for cause" §26-19-305
Whole Groups	Insurers are required to offer coverage to the entire group §26-19-306(c)vi
Continuity of Coverage	Preexisting condition limitation of 12 months; credit shall be given for time person was previously covered if previous coverage was continuous 30 days prior to new coverage, exclusive of applicable waiting periods, or for a person who becomes unemployed and are provided coverage if the person obtains employment and coverage within 60 days §26-19-306(c)i
Reinsurance Type	Prospective/mandatory §26-19-307
Reinsurance Price	Whole Group: 150% Individual: 500% §26-19-307(k).ii
Con Sharing	\$5,000 §26-19-307(l)x.v
Assessments	Not to exceed 5% of the total small group premiums §26-19-307(n)A
Other	
Effective Date	No earlier than March 31, 1993

COMPREHENSIVE SMALL EMPLOYER PACKAGES

	HIAA	NAIC
Availability	Guaranteed issue	Guaranteed issue (groups of 3-25)
Group Size	3-25	1-25
Individual Policies	Individual policies sold to small employer subject to Act; however, if state has effective rate regulation, the rating requirements do not apply	Does apply to individual policies; although drafting note says that states may wish to consider exempting individual health policies from the rating provisions
Case Characteristics	Geography, age, sex, size of employer, and other objective criteria; but does not include claims experience, health status, or duration of coverage	Small employer carriers may not use case characteristics other than age, gender, industry, geographic area, family composition, and group size without prior approval of Commissioner
Rating Restrictions	Premium rates for small employer plans with similar case characteristics may not vary from the midpoint rate for those small employers by more than 35% of that midpoint rate	Index rate for one class of business may not exceed the index rate for any other class of business by more than 20%; for a class of business, the premium rates charged small employers with similar case characteristics shall not vary from the index rate by more than 25%
Transitional Period	3 years	3 years
Renewal Rating	Trend plus 15% plus changes in case characteristics	Trend plus 15% plus changes in case characteristics
Renewability	Guaranteed renewable except "for cause"	Guaranteed renewable except "for cause"
Whole Groups	Carriers must take the entire group	Carriers must take the entire group
Continuity of Coverage	Plans must credit the time a person was covered under a previous employer-based plan if coverage was continuous.	Plans must credit the time a person was covered by qualified previous coverage provided the coverage was continuous; qualified previous coverage is defined as Medicare, Medicaid, employer-based health insurance, or individual insurance providing similar or exceeding benefits
Reinsurance Type	Prospective/mandatory	Individual states will determine whether to make participation in reinsurance mandatory or voluntary
Reinsurance Price	Whole Group: 150% Individual: 300%	Whole Group: 150% Individual: 500%
Cost Sharing	None	First \$5000 of reinsured claims plus 10% of next \$50,000
Assessments	4% of the premium of small employer market net of reinsurance premiums paid	5% of the premium of the small employer market
Other	Carriers may reinsure existing business and new adds	
Effective Date		

HIAA

ON

HEALTH CARE

FINANCING

FOR ALL

AMERICANS

HOW REINSURANCE WORKS

For more than two years, the Health Insurance Association of America (HIAA) has been developing the components of a reform package designed to address the unique requirements of the small employer market. These reforms, when taken as a whole, will ensure fair access to and continuation of coverage for small employers and their employees. These reforms constitute a meaningful basis for enhancing and expanding health care coverage.

Small employers, unlike their larger counterparts, are likely to go into and out of business frequently. Similarly, their employees tend to move from job to job frequently. Finally, small employers change insurance carriers more often in an attempt to obtain more favorable rates. All of these factors, combined with growing health care cost pressures, make it exceedingly difficult for insurance carriers to provide coverage to the small employer and they also make it more likely that individuals within this market will lose health care coverage at some point. HIAA's small employer market reforms tackle these problems in a reasonable and workable manner.

The HIAA proposal would ensure that any small employer may obtain coverage (regardless of the health condition of its employees or the inherent administrative burdens they pose). The following examples illustrate how this would work.

SITUATION: Tom's Tree Trimmers opens for business with a full-time work force of five employees. With workers engaged in dangerous work, where statistics suggest that personal injury is far more likely to occur than in, say, a computer sales and repair outlet, obtaining affordable health insurance may be difficult. Let us suppose that two employees, Harry and Sam, have serious health problems, which insurance companies term **pre-existing conditions**. To obtain coverage, the president of Tom's Tree Trimmers could face the following options: terminate Harry's and Sam's employment, insure everyone except Harry and Sam, or provide no insurance for any of the employees.

SOLUTION: Under the HIAA reform proposal, Tom's Tree Trimmers would not be excluded from coverage because it is engaged in dangerous work or because two of its employees, Harry and Sam, have pre-existing conditions. Also, the carrier selling insurance to the company would be permitted to reinsure Harry and Sam, the high risk employees (unbeknownst to Harry, Sam, and their employer), by paying a reinsurance premium. In exchange for the reinsurance premium, the reinsurer would agree to reimburse the insurer for Harry's and Sam's costs.

SITUATION: During the course of the year a third employee at Tom's Tree Trimmers, George, becomes seriously ill. Will his condition threaten coverage for himself or his coworkers?

Health Insurance Association of America

1025 Connecticut Avenue N.W., Washington, DC 20036 ☐ 202-223-7780 ☐ FAX 202-223-7897

SOLUTION: Under HIAA's reform proposal, insurance coverage would be maintained for all employees, regardless of any of the employees' conditions. Tom's Tree Trimmers' insurance carrier would be obligated to renew the contract (unless the company failed to pay its premiums in a timely fashion or was dishonest with the carrier).

SITUATION: George, who has had several months of poor health, is on the road to recovery. He decides to leave Tom's Tree Trimmers to gain experience at a small computer sales and repair outlet, the Corner Computer Company. He is concerned that he will not be able to obtain coverage with his new employer because of his health record with Tom's Tree Trimmers. He is aware that, prior to the reforms in the small employer market, employees who changed jobs or employers that changed carriers could face recurring pre-existing condition limitations. George realizes that this could leave him without health care coverage.

SOLUTION: Under the HIAA proposal, George would be guaranteed continuity of coverage and would not be subject to any new pre-existing condition limitations if he changes jobs or his employer switches carriers, since he satisfied those while employed by Tom's Tree Trimmers (this assumes that George did not allow his coverage to lapse for a sustained period of time).

SITUATION: Both Tom's Tree Trimmers and the Corner Computer Company are concerned that their health premiums will rise inordinately if one or more employees is found to be seriously ill.

SOLUTION: Under the HIAA proposal, an insurance carrier would have to limit how much its rates, based upon the group's health history, varied. Carriers could vary their rates for similar small employer groups (those with similar demographics, plan type, and geographic area) by no more than 35 percent above or below their midpoint rate (the midpoint rate is halfway between the carriers lowest and highest rate). Carriers would also have to limit their industry rating adjustment to 15 percent. Finally, the year-to-year premium increase for a group could be no more than 15 percent above the carriers "trend" (defined as the increase in the lowest new business rate). To reflect cost differentials between managed care and non-managed care products, carriers could establish separate trends.

SITUATION: A new firm, Tree Doctors, Inc., opens for business in the same community as Tom's Tree Trimmers. Like its competitor, Tree Doctors employs five employees. At the time it opens for business, all of its employees are healthy. The president of Tree Doctors, Inc. knows that he is in stiff competition with Tom's Tree Trimmers. He is concerned that he may be at a competitive disadvantage if any of his costs are higher than those of Tom's Tree Trimmers. Since Tom's Tree Trimmers has been in business for some time, the owner of Tree Doctors, Inc. is concerned that he may not be able to purchase health insurance coverage at a rate that will be similar to the rates charged to his competitor.

SOLUTION: Under the HIAA proposal, the availability of reinsurance combined with the premium rate limits would moderate the premium difference between groups. The HIAA plan would ensure that Tree Doctors, Inc. did not incur inordinately high premiums relative to demographically similar firms.

HIAA

Health Insurance Association of America

STATEMENT OF HIAA

ON

SMALL GROUP MARKET REFORM

SENATE BILL 40

PRESENTED BY

JAN ANDREA MEISELS

LEGISLATIVE DIRECTOR

BEFORE THE

ALASKA SENATE COMMITTEE ON LABOR AND COMMERCE

March 23, 1993

22111 Clarendon Street, Suite 220
Woodland Hills, CA 91367-9321
818-704-9271

I am Jan Andrea Meisels, Legislative Director, Health Insurance Association of America. HIAA is a trade association of the nation's leading commercial insurance carriers that provide health insurance for approximately 95 million Americans. HIAA actively supports SB-40.

The small employer market provides one of the most vivid examples of how health care cost inflation continues to afflict our financing system. Faced with unrelenting demands to hold health care costs down, insurers and employers have intensified the search for ways to moderate premium increases. Leaving high-risk individuals out of group coverage has been one such response. The "excessive employer churning" that newspaper accounts often bring to our attention is largely a function of employers seeking the lowest available rate. We, too, constantly hear the charge by small employers that the presence of a high-risk individual in their group has made it impossible to obtain coverage at any price.

This dynamic is complicated further by the tumultuous labor market of a small employer. Small employers are far more likely than larger organizations to go in and out of business. Our own annual employer survey suggests that employees of small firms also are more likely to change jobs. Employee turnover among small, insured firms is about 23 percent annually and is twice that level for small employers without coverage. These factors contribute to the reluctance of such employers to offer coverage as well as the difficulties of serving the market.

As the complexities of the small employer market have grown, and the likelihood of individuals' being separated from the

financing system has increased, there is a growing perception that even if they have coverage, they stand a reasonable chance of losing it if they change employers, or if they have poor claims experience.

Mr. Chairman and members of the committee, we have now reached the point where substantial small employer market changes are needed if we are to serve the longer-term interests of small employers and meet the concerns of policymakers. Thus far 24 other states have enacted small group market reform which includes similar reforms as reflected in SB-40. SB-40 incorporates a comprehensive set of small group market reforms that HIAA believes can be achieved in the context of a viable private marketplace. The essence of SB-40 is to make certain changes in the market so that it provides substantially more predictability and protection to the purchasers of coverage. Let me emphasize that to work, these changes will have to apply to all players in the small employer market -- insurance companies, medical service plans, multiple employer welfare associations, etc. All competing entities in the small employer market, including non-insured benefit plans, would have to be bound by the same rules in order to prevent any company or segment of the market from being placed at a disadvantage. The reforms included in SB 40 ensures fair access to and continuity of coverage for small employers and their employees. The issues embraced in SB 40 are:

guaranteed availability -- all small employer groups would be able to obtain private health insurance regardless of the health risk they present.

coverage of whole groups -- coverage would be made available to entire employer groups; neither an employer nor an insurer would be able to exclude from the group's coverage individuals who present high medical risks.

renewability of coverage -- at renewal time, employer groups and/or individuals in these groups would be assured that their coverage would not be canceled because of deteriorating health.

continuity of coverage -- once a person is covered in the small employer market and satisfied a plan's preexisting condition restrictions, he or she would not have to meet those requirements again when changing jobs or when the employer changes carriers.

premium pricing limits -- insurance carriers would be required to limit how much their rates could vary for groups similar in geography, demographic composition and plan design.

To give effect to these proposals, SB-40 authorizes a private not-for-profit Small Employer Health Reinsurance Association. Without the Reinsurance Association these reforms are not achievable. The Reinsurance Association allows insurers to pay a premium in exchange for having the reinsurer bear the risk for reinsured individuals. This allows insurers to treat all individuals in a group the same way -- as SB-40 does not break up groups for the purpose of reinsurance -- all members would have the same benefits. The reinsurer stands behind the insurer and simply reimburses for claims associated with reinsured

individuals. This allows insurers to spread high risks, broadly through the private market rather than concentrated in one small employer group.

Besides the small group market reforms discussed above, one of the most effective means to obtain cost control is to improve our health delivery and financing system through effective managed care programs. Managed care has proved it can control costs. A growing number of studies from the seminal Rand Study of HMOs in the mid 1970's to the recent Laventhol and Horwath study which assessed the cost savings of managed care in the CHAMPUS Reform Initiative (savings to both the Defense Department and CHAMPUS beneficiaries of \$148.9 million in 1988 and 1989). For these and other reasons cost containment provisions including aspects of managed care maybe incorporated into the small employer health plans developed by the Small Employer Health Reinsurance Board. Small employers are also the affected party when various legislators mandate their plans include specific providers or services. The cumulative effect of the various mandated benefits is to increase the overall cost of the insurance plan to the small employers who is in the most need of relief for the high cost of health care and are too small to self-insure and thus escape these mandates. A study in 1989 by a University of Illinois economist concluded that 16 percent of small employers not providing health insurance would offer benefits in the absence of state mandates.

Therefore, SB-40 exempts small employer health plans from any laws that would impose restrictions on insurers negotiating with

providers for services or prices of services or requires the small employer plans to include specific benefits or services rendered by certain providers.

The following is a brief discussion of each section of SB-40:

Section 1. Purpose -- describes the purpose of the bill by summarizing the issues addressed in SB-40.

Section 2. Prohibits unfair marketing practices delineated in 21.56.180.

Section 3. Exempts small employer health plans from any laws that would impose restrictions on insurers negotiating with providers for services or prices of services.

Section 4. Exempts small employer health plans from any laws that would impose restrictions on insurers negotiating with providers to include specific benefits or services rendered by certain providers.

Section 5. Small Employer Health Reinsurance Association. 21.56.10 -- creates a not-for-profit private legal entity whose membership consists of all insurers in the small employer insurance market -- insurance companies, hospital and medical service corporations, HMOs, and multiple employer welfare arrangements (which is not Medicaid, but a "term of art" describing unrelated multiple employers joining together for purposes of providing benefits plans).

21.56.020 -- describes the reinsurance association board composition which assures representation for all types of insurers doing business in the small group market including

welfare arrangements and guarantees a majority of seats to insurers in the small group market.

21.56.030 -- discusses the various powers of the Association board defining an array of health coverage products by which reinsurance will be provided and issued, as well as developing the methodology for determining the reinsured product premium rates.

21.56.040 -- requires the reinsurance association to submit a plan of operation to the Insurance Director for approval. This plan assures fair, reasonable and equitable administration of the Association. It permits the Director of Insurance, after notice and hearing, to adopt reasonable regulations.

21.56.050 -- establishes specific provisions for reinsurance of eligible employees of a small employer or dependents of eligible employees. By requiring carriers to accept groups/individuals within groups with greater than normal risks, insurers need assistance in spreading the greater risk, therefore, the establishment of the Reinsurance Association. Carriers are required to pay the first \$5,000 of claims before reinsurance assumes the risk because reinsurance would be aimed at employer groups and employees known to be high risk, and because the premium price (paid by the insurer to the reinsurance mechanism) is capped (1.5 times the adjusted average market premium for groups and 5.0 times for individuals) to encourage carriers to participate in the small employer market, in the aggregate the cost of reinsured persons may well exceed the reinsurance premiums. The administrating insurer will determine any losses

annually. Any losses are covered through assessments from all members in the Reinsurance Association based on the member's share of total premiums net of reinsurance premiums paid for coverage under the chapter in the small employer market, including, to the extent permitted under ERISA, other benefit arrangements covering small employers. Assessments are capped at five percent of premiums charged for health benefit plans covering small employers.

To assure that insurers only cede (place) risk to the reinsurance mechanism when necessary, the premiums charged by the reinsurer are set at 1.5 times the average adjusted market premium price for similar type groups and benefits or 5 times the average adjusted premium market price for individuals with similar type benefits. Insurers are constrained from recouping the increased reinsurance costs as they may only attempt to recoup the 1.5 times average adjusted market premium price within the constraints of the overall rating bands described below. Only the level of coverage provided up to but not exceeding the coverage provided in a small employer health benefit plan is eligible for reinsurance.

This section also recognizes that federally qualified HMOs reinsurance premium may be modified to reflect the portion of the risk ceded to the Association, i.e., federally qualified benefits may be different from the benefits determined to be included in the reinsured health plans by the reinsurance board. 21.56.060 -- establishes the member health benefit plan committee (including insurers, small employers, health care providers and

agents or brokers. The committee recommends benefit levels, cost sharing provisions for the basic and standard plan. These plans are required to incorporate cost containment techniques developed by the board, including but not limited to high cost case management, hospital precertification techniques and other cost containment techniques established by the Association.

21.56.070 -- requires that every two years the board will report to the insurance director and legislature on effectiveness of the act.

21.56.080-21.56.100 -- exempts the Association from the Administrative Procedures Act, imposition of taxes and limits the liability of the Association board.

21.56.110 -- Small Employer Health Insurance Plans. The program applies to all health insurance plans for individuals and group health benefit plans if they provide coverage to 2-25 eligible employees and the employer pays all or part of the premium and the health plan is applicable to the IRS code section 26 U.S.C. 106 or 26 U.S.C. 162.

This section also exempts all small employer health plans (25 employees or less) from any restrictions on an insurer's ability to negotiate with providers regarding reimbursement for services and eliminates the requirement that the benefit plan cover specific mandated benefits or classes of providers. These provisions will increase the affordability of small employer health plans while providing quality health care to Alaska residents.

21.56.120 -- Premium Rating Requirements. This provision provides stability and predictability of rates.

The premium pricing limitations included in this chapter limits an insurer's ability to vary rates for groups in similar geography, demographic composition and plan design. Specifically, an insurers premiums for similar groups could not vary by more than 35 percent from the carrier's index rate (arithmetic average of applicable base rate and highest rate). There is also a 15 percent limitation on how much a carrier could vary rates by industry. Finally, carriers would have to limit a group's year-to-year premium increases to no more than 15 percent above the carrier's trend (the year-to-year increase in the lowest new business rate). These provisions assure the small employer availability of and accessibility to predictable and renewable insurance rates.

Carriers are also required to disclose in its solicitation and sales material how the premium rates from specified small employers are establishing provisions of the plan and file an annual actuarial certification with the director.

21.56.130 -- Renewability of Coverage. Lists specified reasons why a health plan may not be renewed, i.e., nonpayment of premiums, fraud or misrepresentation by a small employer; noncompliance with minimum participation or employer contributions, etc. Specifies steps a carrier must take if the insurer decides to nonrenew all of its health benefit plans.

21.56.140 -- Required offer of Coverage. As a condition of doing business in the state with small employers, a small employer

insurer is required to offer a basic and a standard health benefit plan. The basic and standard plans are filed with the director who may disapprove them after a hearing.

21.56.150 -- Required Health Benefit Provisions. Benefit plans may not deny, exclude or limit benefits for more than 12 months due to a preexisting condition. This guarantees the availability of insurance to all small employers and removes the concerns of people with preexisting conditions that they would have to satisfy additional preexisting condition exclusions if they change jobs or if their employer changed insurance carriers. Once someone had satisfied a plan's 12-month preexisting condition restriction he or she would no longer be required to satisfy those requirements again when changing jobs or when the employer changes insurers. Carriers must offer coverage to all eligible employees and dependents and may not select only certain individuals.

21.56.160 -- Exemption From Required Offer of Coverage. Delineates when an insurer does not have to offer coverage, i.e. the small employer not located in carrier's geographic area; the carrier does not have capacity to deliver service adequately to members; the carrier is only maintaining in force business and ceased enrolling new employer groups before January 1, 1993.

21.56.170 -- Conditions For Ceasing To Do Business. Insurers ceasing to do business in the small employer market are required to give notice of this decision to the insurance department, the reinsurance board, the policyholder and the employer. Coverage is required to be continued for one year after the date of

notification. An insurer is also prevented from reentering the small group market for at least five years from the date the notice was given that they decided to cease to do business in this Alaska market.

21.56.180 -- Fair Marketing Standards. Specifies standards for insurers to follow including the requirement to affirmatively market basic and standard health plans, an insurer may not deny compensation to an agent/broker due to adverse health status, claims experience, etc. of small employers.

21.56.190 -- Mandatory Reissue of Coverage. In order that carriers not selectively "dump" their business before the effective date of the bill, the director may adopt regulations to require a carrier to reissue a health benefit plan to a small employer if it was nonrenewed after January 1, 1993.

21.56.250 -- Definitions. This section describes all the terms used in this chapter.

Sections 6,7. The term "insurer" was redefined for this chapter to include HMOs. Therefore, it is necessary to cross reference the definition of HMO for these purposes to the provisions of this chapter. Sections 6 and 7 achieve this purpose.

Sections 8,9. The term "insurer" was redefined for this chapter to include hospital or medical service corporations. Therefore, it is necessary to cross reference the other sections of the insurance code related to these organizations for the purpose of applicability to this chapter.

Section 10. Premium Rate Restriction. This addresses premiums for policies that are delivered prior to the effective date of the bill, by allowing the premium rating restrictions to be phased in over three years, thereby limiting any potential "sticker shock" small employers may experience to the premium rate restrictions.

Section 11. Transition. Not all sections of the chapter become effective upon enactment. This section lists those portions of the chapter which begin at dates later than the July 1, 1993 effective date.

Section 14. Lists the effective date of the chapter as July 1, 1993.

MAR 02 1993

ALASKA STATE

HOSPITAL & NURSING HOME

ASSOCIATION

Ken

March 1, 1993

Senator Tim Kelly
Chairman
Health, Education & Social
Services Committee
Alaska State Senate
State Capitol
Juneau, AK 99801

Re: Support SB 40; Health Insurance
Small Employers

Dear Senator Kelly:

ASHNHA, representing community hospitals and nursing homes across the state supports SB 40, providing for group health insurance for small employers.

The lack of availability and cost of health insurance for small employers are the major reasons many small Alaska businesses do not provide health insurance benefits to themselves or their employees.

We would urge the committee to move ahead in approving SB 40 as a positive step towards reforming Alaska's health care system.

Any health reform proposal can encompass what will be accomplished under SB 40.

Sincerely,

Harlan R. Knudson
Harlan R. Knudson
President/CEO

✓ cc: Senator Drue Pearce

NFIB Alaska

National Federation of
Independent Business

POSITION PAPER

OF

NATIONAL FEDERATION OF INDEPENDENT BUSINESS
NFIB/ALASKA

IN
SUPPORT
OF

SB 173 HEALTH INSURANCE FOR SMALL EMPLOYERS

9159 Skywood Lane
Juneau, AK 99801



The Guardian of
Small Business

Chairman, members of the Committee, my name is Rosa Jerrel, and I am the State Director for the National Federation of Independent Business - NFIB/Alaska. I am happy to be here today in support of SB 173.

BACKGROUND

NFIB/Alaska is comprised of 5,000 small and independent business owners. The legislative agenda of NFIB/Alaska is determined by our ballot. The ballot is our annual poll of our members on a series of issues deemed critical to small business. A majority vote, of the members in response to the poll, sets our policy and position on legislative issues.

For the record the following are the results of the 1991 NFIB/Alaska ballot questions regarding health insurance:

Should legislation be passed in order to create a voluntary health insurance plan which would be administered by private insurance companies and which would pool small businesses together so they could purchase employee health insurance at group rates?

Yes 72% No 17% Undecided 11%

If this pooling of employers in order to purchase health insurance was available, would you participate?

Yes 50% No 19% Undecided 31%

Should employers be allowed the option of having their employees pay part of the premium cost of health insurance purchased through the above pooling plan?

Yes 90% No 5% Undecided 5%

The NFIB Foundation Survey nationwide first found health insurance listed as a key concern for small business in 1986 when it was cited as the number one problem for small business owners out of 75 potential problems. Again in 1990, 92% of small business owners characterized health insurance as a "serious problem". The NFIB Foundation recently released Survey, Problems and Priorities, it listed the cost of health insurance as still the number one problem. No other difficulty was close. Sixty-one (61) percent ranked the problem "critical," the most extreme assessment it could be given.

On 1992 ballot we asked our members in Alaska to choose from eleven (11) problem areas - the most costly or burdensome problem they faced

and the top two were: #1 workers compensation cost and, #2 health insurance for employees.

Further surveys have found that small business owners want to offer health insurance as a fringe benefit out of both a sense of family obligation and competitive necessity.

The ability of the small business owner to provide insurance is greatly influenced by the high costs of premiums and profitability of the business. For many small business the skyrocketing annual premium increases, small profit margins, struggling regional economies, and restricted cash flow all contribute to the increasing difficulty small business owners have in purchasing health insurance. If the cost of purchasing or continuing to provide health insurance continues increasing, small business owners will be forced to increase employee contributions, cut benefits, raise deductibles or in some cases drop coverage altogether.

Small business are most severely impacted by adverse selection, the demographics of the work force (such as, age and gender of employees and the hours they work), higher employee turnover resulting in unpredictable participation rates, and a lack of expertise and clout in purchasing plans. By virtue of their size, small businesses have very little access to cost containment mechanisms available to large firms such as self-insurance. Being unable to obtain the benefits of self-insurance they must comply with expensive state mandates, pay state premium taxes and shoulder a larger portion of the carrier's administrative expenses.

SMALL BUSINESS MARKET REFORM

Small business owners desire to build on the existing health care system. SB 173 is a voluntary health insurance program to provide more accessibility, renewability, predictability and stability for small businesses. It is a viable means of providing health insurance to the uninsured population in Alaska.

State mandates cumulatively can raise the cost of health insurance for small businesses. SB 173 has a provision that state mandates do not apply to health benefit plans provided to small employers. This will allow the insurance industry to design basic health insurance policies.

It also, requires the small employer insurers to disclose information relating to premium rates and health benefit plans. It requires insurers to describe in detail their rating practices and renewal underwriting practices. Providing this information will help small

business owners to be better informed. The Congressional Budget Office believes that "giving consumers the information they need to make more informed decisions might enhance both the quality and cost-effectiveness of care."

Thank you for the opportunity to comment on this legislation. NFIB/Alaska has and will continue to support this and other legislation that will help make privately administered health insurance more accessible, renewable, predictable and stable for small businesses.

SMALL EMPLOYER MARKET REFORMS

Pre-1991

Comprehensive Package

states which have enacted a comprehensive, or near-comprehensive small employer package

Connecticut (1990)†
Hawaii (1974)

Partial Package

states which have enacted select precepts of small employer market reform**

Georgia (1990)

1991

Comprehensive Package

passed in 1991

Massachusetts
North Carolina†
Oregon
South Carolina‡
Vermont

Partial Package

effective 1991

Colorado
Nebraska
New Mexico
North Dakota
West Virginia

1992

Comprehensive Package

passed in 1992

California	New Hampshire‡
Delaware†	New York
Florida†	Rhode Island†
Iowa†	Tennessee†
Kansas†	Virginia‡
Maine	Wisconsin
Minnesota	Wyoming†
Missouri†	

Partial Package

effective 1992

Arkansas
Indiana
Louisiana
South Dakota

Comprehensive Package Proposals

strong prospects for passage in this session

New Jersey
Ohio
Pennsylvania

Other


passed at least one chamber prior to adjournment


Alaska	Maryland
Arizona	Washington
Colorado	
Georgia	
Idaho	

* For listing of specific precepts, refer to following chart
‡ Does not require insurers to guarantee issue coverage

† Generally follows HIAA/NAIC model
** Awaiting Governor's signature

	<i>Guaranteed Access</i>	<i>Coverage of Whole Groups</i>	<i>Renewability of Coverage</i>	<i>Continuity of Coverage</i>	<i>Premium Pricing Limits</i>	<i>Ref. *</i>	<i>Year</i>
Arkansas						§23-86-204,205	1992
California						AB 1672	1992
Colorado						§10-8-116.5	1991
Connecticut**						§38a-567	1990
Delaware**						HB 571	1992
Florida**						HB2457/SB2390	1992
Georgia						§33-27-8	1990
Hawaii						HRS §1-51	1974
Indiana						IC 27-8-15	1992
Iowa**						HB 2370	1992
Kansas**						SB 561	1992
Louisiana						H1994/S913,925	1992
Maine						LD 701	1992
Massachusetts						Chapter 176J	1992
Minnesota						HF2800/SF2603	1992
Missouri**						SB 796	1992
Nebraska						LB 419 §23,24	1991
New Hamp.						HB 321/HB 411	1992

 *Legislation covering this precept has been enacted, or is on Governor's desk*

 *Legislation covering this precept is under serious consideration in the current session (1992)*

* *Statutory citations or bill numbers. For states which have enacted partial packages and are presently considering comprehensive reform, the listing refers to the proposed legislation.*

** *Package is substantially similar to the NAIC Model.*

New Jersey**						AB 757/SB 371	1992
New Mexico						SB 504/SB 6.A	1991
New York						AB 12350-A	1992
No. Carolina**						§58-50-130	1991
North Dakota						HB 1539	1991
Ohio						HB 478, SB 240	1992
Oregon						SB 1076	1991
Pennsylvania						SB1666, HB2586	1992
Rhode Island**						HB 9011	1992
So. Carolina						§38-71-920-950	1991
South Dakota						SB 229 §3,4	1992
Tennessee**						HB2449/SB2578	1992
Vermont						§4080a	1991
Virginia						SB 505	1992
West Virginia						§33-160-5,7	1991
Wisconsin						AB 655	1992
Wyoming**						SF 22	1992
	<i>Guaranteed Access</i>	<i>Coverage of Whole Groups</i>	<i>Renewability of Coverage</i>	<i>Continuity of Coverage</i>	<i>Premium Pricing Limits</i>	<i>Ref.</i>	<i>Year</i>

SMALL EMPLOYER MARKET REFORMS

	<u>NAIC</u>	<u>SB 173</u>
<u>Availability</u>	Guaranteed issue	Guaranteed issue
<u>Group Size</u>	1-25	2-25
<u>Case Characteristics</u>	Geography, age, sex, size of employer, and other objective criteria but does not include claim experience, health status or duration of coverage	Geography, age, sex, size of employer, and other objective criteria but does not include claim experience, health status or duration of coverage
<u>Rating Restrictions</u>	Within a class of business, the rates for similar groups may not vary from the index rate by more than 25%. The index rate for any insurer's class of business may not exceed another class of business by more than 20%.	An insurer's rates for similar groups may not vary from applicable index rate by more than 35%.
<u>Transitional Period</u>	3 years	3 years
<u>Renewal Rating</u>	Trend plus 15% plus changes in case characteristics	Trend plus 15% plus changes in case characteristics
<u>Renewability</u>	Guaranteed renewable except "for cause"	Guaranteed renewable except "for cause"
<u>Whole Groups</u>	Must take whole group	Must take whole group
<u>Continuity of Coverage</u>	Plans must credit the time a person was covered under a previous employer-based plan if the coverage was continuous	Plans must credit the time a person was covered under a previous employer-based plan if the coverage was continuous

	<u>NAIC</u>	<u>SB 173</u>
<u>Reinsurance</u>	Prospective with opt out. Insurers elect whether to participate in the reinsurance mechanism.	Mandatory prospective. Insurers <u>must</u> participate in the reinsurance mechanism.
<u>Reinsurance Price</u>	150% for whole groups 500% for individuals	150% for whole groups 500% for individuals
<u>Cost Sharing</u>	First \$5000 of claims and 10% of next \$50,000 in claims	First \$5000 of claims
<u>Assessments</u>	5% of the premium of small employer market	5% of the premium of small employer market
<u>Minimum Participation Requirements</u>	Consideration of dual participation required	Not included
<u>Class of Business Rating</u>	Included	Not included
<u>Industry Rating</u>	Maximum 15% above lowest rate factor associated with any industry classifications.	A rate factor may not vary by more than 15% from arithmetic average of highest and lowest rate factors associated with all industry classifications.
<u>Reinsurance Board</u>	Eight members, with Insurance Director as ex-officio member. Director appoints. Members to include representatives of small employers and insurers, with at least 5 representatives of reinsuring carriers.	Nine members, selected by participating members, approved by Director. At least two-thirds of members shall be small employer insurers. At least one member shall be insurer principally in small employer market; one principally in large employer market; one to represent HSO, HSC, or MSO; one to represent HMO; one to represent other benefit arrangement.

NAIC

SB 173

Health Benefit
Plan Committee

Appointed either by Governor or Director. Includes representatives of insurers, small employers and employees, and health care providers.

Appointed by Director. Same representatives as NAIC model, but also includes representative of agents and brokers.

Reporting

No reference

Annual report to Director, Legislature required first 5 years; thereafter every 2 years

Insurers With
Restricted
Charters, i.e.,
Fraternal
Benefits
Organizations

Not Included

Guarantees issue only to those permitted by charter.

Provision for
Sunset

Not Included

Four years (July 1, 1997)

**THE FOLLOWING PAGE MAY NOT FILM LEGIBLY
BECAUSE OF THE POOR QUALITY OF THE ORIGINAL.**



MarketPlace Report

A MONTHLY ACTIVITY SUMMARY

The Connecticut Small Employer Health Reinsurance Pool (SEHRP) is a reinsurance pool created by the Connecticut Legislature Public Act 90-134, which permits any place of business, individual or group, to make available and encourages the making of group health insurance for full-time (eligible employees) which may be self-insured.

September 1992

Activity in the MarketPlace and in the Pool

Sales Activity

4,687 PLANS SOLD TO UNINSURED SMALL BUSINESSES

- Includes 4,323 other plans sold by carriers during the same period.
- In addition, 85 Special Plans and 279 Small Employer Plans have been sold to the previously uninsured.

1,324 SMALL EMPLOYER AND SPECIAL PLANS SOLD

The activity for the Small Employer and the Special Plans sold include sales to previously insured businesses as well as sales to businesses who have had insurance. Renewed plans will be included in later reports as in-force business.

Based on responses by all of the 47 Connecticut Small Employer Carriers and the Health Reinsurance Association of Connecticut (HRA), continued growth in sales is reported for the first sixteen months:

- 1,236 Small Employer Plans: The basic plan for businesses of 1 to 25 employees.
- 88 Special Plans (non-HRA): The plan for businesses that have not been insured for at least two years.
- 300 Special Plans (HRA): The plan with a special version for individuals or groups who meet the eligibility and income requirements of the new law.

Reinsurance Activity

3,328 PLANS REINSURED WITH THE POOL

As of the September ceding by 22 Small Employer Carriers, the type of plan that is coded the most is the Small Employer Plan.

Whole Group reinsurance still exceeds Individual reinsurance.

- 1,606 plans reinsured as Whole Groups.
- 1,722 plans with Individual Reinsurance.

923 NEWLY SOLD PLANS REINSURED WITH THE POOL

New business that was reinsured with the Pool was 20% of the total plans sold to previously uninsured (923/4,687).

2,405 PREVIOUSLY INSURED PLANS REINSURED WITH THE POOL

Ceding from the existing book of business commenced January 1, 1992.

9,368 PERSONS REINSURED

The average size of Whole Groups coded to the Pool is 4.6 persons, including dependents. The average group size has been in the 2-5 person range since the inception of the Pool.

- 7,365 persons reinsured as Whole Groups from 1,606 plans with Whole Group reinsurance a 4.6 average group size.
- Reinsured lives from newly sold plans total 2,514.
- Reinsured lives from previously insured plans total 6,854.

G. N. S.

Improving Access: The Connecticut Experience Under Public Act 90-134

BACKGROUND

At the end of the 1980s, Connecticut was faced with about a quarter million uninsureds in the state (about 9 percent of the state's population). The Governor convened a Blue Ribbon Commission to study this problem and propose a solution. The solution that was recommended led to the enactment of CT Public Act 90-134. PA 90-134 was viewed from the start as an incremental step toward addressing this problem on the uninsured in CT. Toward that end, it was expected to expand Medicaid, increase support for primary care providers, reform the small group health insurance market, and subsidize insurance for pregnant women, children, the disabled and the chronically ill. In addition, a Health Access Commission was established to monitor implementation of the Act, develop a long-term plan to control rising health care costs and guarantee universal access to high quality care.

PA 90-134 consists of two parts:

- a state-funded effort to expand government health insurance programs to the poor and near-poor, with special emphasis on pregnant women and young children, and
- reform of the small group insurance market designed to help get insurance coverage to Connecticut's employed uninsured and their families.

Implemented in tandem, these two elements were expected to reach a good portion-- about one quarter, initially-- of the identified uninsured in Connecticut.

In short, this legislation included both public and private insurance reforms that were expected to expand insurance coverage and increase access to health care for the most vulnerable of the uninsured. PA 90-134 was widely recognized as a first step in a longer-term process to make insurance more widely available and affordable to all residents. This legislation's private insurance reforms focused primarily on reforming certain insurer practices to make insurance more widely available. The issue of

affordability was only addressed by increasing the stability of rates from year to year and imposing rate limits for higher risk groups. It was recognized that additional changes to the law might be needed. Additional health care initiatives, beyond the insurance reforms in PA-134, were expected to be necessary to make health care, and thus health insurance, more affordable.

To implement the private insurance reform section of 90-134, the insurance industry completed all of the product development and market changes required by the Act on schedule and has amended the law as needed in subsequent years. The state government, however, has never fully fund its part of the program and, since enactment of PA 90-134, has passed up clear opportunities to do so. Thus, today, more than two years after passage into law, the effect of this experiment is difficult to judge because the Act has never been fully funded or fully implemented.

KEY PROVISIONS OF INSURANCE REFORM SECTION OF PA 90-134

- **Guaranteed issue** of small employer and special health care plans to small employers (1-25 eligible employees) without regard to health status. (However, there is no mandate that employers provide coverage.)
- **Guaranteed eligibility** ensures that eligible employees and their families cannot be refused coverage under an employer's plan.
- **Rating limits** restrict the maximum rates for small employers and limit periodic rate increases.

The maximum rate for small employers is restricted to 150 percent of the lowest rate for any other employer group in the same actuarial class. Originally the maximum was 200 percent, but it was revised after enactment.

Periodic rate increases are limited to the sum of the increase in the base premium rate, plus any adjustment as a result of changes in case characteristics, plus 15 percent of the base premium rate (originally 20 percent).

- **Guaranteed renewability** requires carriers to renew coverage at the policyholder's option.
- **Restrictions on preexisting condition limits** prohibit carriers from applying more than a 12-month preexisting condition limit and requires plans to credit the time a person was continuously covered under a previous group plan toward any preexisting condition limitation. Coverage is considered continuous if there has been less than a 30-day lapse in coverage.

- Reinsurance pool provisions create a nonprofit prospective reinsurance pool to protect carriers from insuring a disproportionate share of high risk individuals or groups.

In addition to amendments to the rating limits mentioned above, additional amendments since enactment include:

- Requirements for replacement of another carrier's coverage when that carrier leaves the small group market.
- Reenrollment criteria for coverage that was not renewed for cause--such as fraud or misrepresentation.
- Variations in premium rates among employees of a particular employer may not be based upon health status, claims experience or duration of coverage. That is, an employer could not make it's high risk employees pay more for coverage.
- Preexisting condition limit credits have been liberalized to allow credit for individuals covered under plans other than as Connecticut residents.
- Changes to general and administrative requirements such as actuarial certification, fair marketing practices, documentation of rating and underwriting practices, and provisions for suspending rating restrictions.

THE EFFECT OF REFORMS

Private insurance reforms have been implemented, on schedule, without any real surprises and with some lessons for the future.

Since May of 1991, CSEHRP has been reinsuring high risk employers and participating carriers have been selling health plans to small employers.

Forty-seven carriers in CT are participating members in the reinsurance pool--although only 22 have actually reinsured any groups or individuals.

Another lesson learned was that groups that were outside of the rating bands before reforms need special regulations or procedures for bringing their rates into the rating bands.

Some of the lessons we have learned are reflected in the amendments above. In addition we have learned that different provisions of the law are sometimes in conflict, especially during initial implementation. For example, a group with a current rate that is half of the lowest rate after reforms would receive a 100 percent rate increase to conform to the new rating limits. Obviously, this

creates a conflict between the maximum annual rate increase allowed and the rating bands. A decision has to be made as to which provision takes precedence.

Lastly, we have learned that most of the 30,000 uninsured small employers in CT have 10 or fewer employees. Traditional marketing approaches by carriers and agents had to be reconsidered in order to target these smaller groups. Mass marketing techniques such as direct response mailings are being utilized instead.

Since its inception, PA 90-134 has provided coverage to between 19,000 to 25,000 previously uninsured Connecticut employees and their families.

As of the end of September 1992, carriers had sold 4,687 plans to previously uninsured employers. On average, this would imply that about 19-25 thousand uninsured have been provided coverage. However, this figure has not yet been adjusted for withdrawals, so the actual number of newly insureds is probably a little less.

As of the same date, CSEIRP had reinsured 3328 plans (9368 insureds): 1606 plans (7365 insureds) with whole group coverage, 1722 plans (2003 insureds) with individual coverage.

Public program reforms (including Medicaid expansion and subsidies) have been only marginally funded, seriously jeopardizing the ability of this legislation to provide health care to more than a handful of the 60,000 uninsureds it was intended to help.

Private insurance reforms alone have already helped many uninsureds to get health insurance and will continue to do more to expand coverage to the uninsured. However, without fully funding the public program reforms, Connecticut can only hope to make a dent in its uninsured problem.

Rating reforms and guaranteed issue have not generated large increases in the average rates that many opponents feared.

Critics who cite theoretical studies with doomsday estimates of premiums rising up to 40 percent on average should study some real results in CT. Rating reforms have caused the rates for some employers to go up and others to go down. In total, the costs for these reforms range from HIAA's estimate of less than 4 percent, on average, to some other estimates of as much as 10 percent, on average. However, it must be remembered that these estimates are averages and specific employers and insurers will see their rates increase or decrease based upon their specific mix of employees and business.

For fiscal year 1992, the CT Reinsurance Pool has an accrued assessment of just over 1 percent of small employer carrier premiums.

For fiscal year 1992, the first full year of operation, the accrued reinsurance assessment amounts to \$6.6 million. This assessment will be spread over a small employer premium base of \$513-530 million. Thus, the 1992 assessment would be about 1.3 percent of premium.

SUMMARY

The state must find a way to fund the public programs in PA 90-134 to help the poor and near-poor who are uninsured.

Affordability of health care and health insurance is still an issue for the majority of patients and insureds in Connecticut. This problem still needs addressed.

Connecticut's market reforms and reinsurance pool are working as expected, fixing those areas in the private insurance market that needed to be fixed.

While PA 90-134 will never live up to its full potential as long as the public program reforms are not funded, the results so far have proved it to be an innovative, workable solution to the access problem, to the extent that it has been implemented.

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

DATE: 3/25/93

FURTHER: FINANCE

Date of 5-Day Notice: 3/25/93
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 3-30-93

L&C Committee considered SB 173

"An Act relating to health insurance for small employers; and providing for an effective date."

and recommends:

and a majority of the committee recommends do pass

replace with _____ CS _____ ()

attaches amendment(s)

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

same title
 new title
 technical title change (HB only)

of 4

FISCAL NOTE INFORMATION

Department	Date	Zero	Fiscal
DCEO	3/26	<input checked="" type="checkbox"/>	

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

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

DO PASS:

OTHER RECOMMENDATIONS:

Bert Adams *Shr*
Steve King *Bege*
J. E. Sato *Sato*

Emergency Amend.

Chair: Signature and Recommendation Kelly

SB

175

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

RETURNED TO FINANCE

DATE: 1/26/94

FURTHER:

DATE TURNED INTO OFFICE: _____

The Finance Committee considered SENATE BILL NO. 175

"An Act making appropriations for the operating and loan program expenses of state government and to capitalize funds; and providing for an effective date."

Died in SFC 1994 4/8/93
Reported out 4/8/93
Returned 1/26/94

See HB 55

and recommends:

- replace with _____ (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

Appropriation No Fiscal Note

DO PASS:

OTHER RECOMMENDATIONS:

1. _____
Co-Chair: Signature/Recommendation

2. _____
Co-Chair: Signature/Recommendation

SENATE RULES COMMITTEE REPORT

RETURNED TO RULES FROM FLOOR

DATE: 4/29/93

DATE TURNED INTO OFFICE: _____

The Rules Committee considered SENATE BILL NO. 175

"An Act making appropriations for the operating and loan program expenses of state government and to capitalize funds; and providing for an effective date."

and recommends it be placed on the calendar:

replace with _____ CS _____ (RULES)

attaches amendment(s)

adopts _____ Letter of Intent

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

NEW FISCAL NOTES

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

MEMBERS SIGNING FOR PLACEMENT ON THE CALENDAR

Chair: Signature and Recommendation

OTHER RECOMMENDATIONS:

Calendar on: _____

Approved by: _____

SENATE RULES COMMITTEE REPORT

DATE: 4/5/93

DATE TURNED INTO OFFICE: 4-29-93

The Rules Committee considered SENATE BILL NO. 175

"An Act making appropriations for the operating and loan program expenses of state government and to capitalize funds; and providing for an effective date."

and recommends it be placed on the calendar:

replace with _____ CS _____ (RULES)

attaches amendment(s)

adopts _____ Letter of Intent

same title
 new title
 technical title change
(HB only)

NEW FISCAL NOTES

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

MEMBERS SIGNING FOR PLACEMENT ON THE CALENDAR

Steve Patis

George H. Acheson
Chair: Signature and Recommendation

OTHER RECOMMENDATIONS:

Suzanne Little No Rec

Calendar on: APRIL 29, 1993

Approved for Sen. George H. Acheson by
Tony Stevens

SENATE FINANCE COMMITTEE REPORT

gmk

DATE: 3/25/93

FURTHER:

no further referral

Date of 5-Day Notice: 3-25-93
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 4-3-93

Finance Committee considered SB 175

"An Act making appropriations for the *operating budget* and loan program expenses of state government and to capitalize funds; and providing for an effective date."

and a majority of the committee recommends it be replaced with

and recommends:

- replace with _____ CS SB 175 (FINANCE)
- adopt previous _____ CS _____
- attaches amendment(s)

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

and do pass

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

Appropriation No Fiscal Note

NO FISCAL

DO PASS

Tim Kelly

Steve Ruffin

Bob Murphy

OTHER RECOMMENDATIONS:

2) 1/10/93 NO Pass

1. *Don't Do Pass*
Co-Chair: Signature/Recommendation

1/10/93 - 10 Pass
Co-Chair: Signature/Recommendation

ALASKA STATE LEGISLATURE
SENATE BILL NO. 175

HISTORY IN THE SENATE

HISTORY IN THE HOUSE

1993
3/25
1/24/94
4/5
1994
1/26

Read first time and referred to:
FIN
RETURNED TO FINANCE

3/25 RPT() CS 5 DP 1 NR ___ DNP ___ AM ___
New Title Same Title ___ Previous FN ___
___ FN ___ OFN ___ To Under

1/26 RETURNED TO FINANCE
RPT(___) CS ___ DP ___ NR ___ DNP ___ AM ___
New Title ___ Same Title ___ Previous FN ___
___ FN ___ OFN ___ To ___

RPT(___) CS ___ DP ___ NR ___ DNP ___ AM ___
New Title ___ Same Title ___ Previous FN ___
___ FN ___ OFN ___ To ___

Rules Calendar(___) CS ___ AM ___ Other ___
New Title ___ Same Title ___ Previous FN ___
___ FN ___ OFN ___

Read second time
___ CS Adopted (___) ___ New Title ___
___ Amended ___ Advanced ___

Read third time
___ Letter of Intent adopted ___
___ Return to second for specific amendment ___

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reconsideration
Reconsideration not taken up

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reported correctly engrossed
Signed by President, to House

Secretary of the Senate

19

Read first time and referred to:

___ RPT ___ CS(___) ___ New Title ___
___ DP ___ DNP ___ NR ___ AM ___
___ FN ___ OFN ___ Previous FN ___

___ RPT ___ CS(___) ___ New Title ___
___ DP ___ DNP ___ NR ___ AM ___
___ FN ___ OFN ___ Previous FN ___

___ RPT ___ CS(___) ___ New Title ___
___ DP ___ DNP ___ NR ___ AM ___
___ FN ___ OFN ___ Previous FN ___

Read second time
CS(___) Adopted ___

Amended ___

Advanced ___

Read third time ___

Return to second for specific amendment ___

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

___ Intent adopted ___

Reconsideration
Reconsideration not taken up

PASSED ON RECON.	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

___ Intent adopted ___

Reported correctly engrossed, signed by the Speaker
and returned to the Senate

Chief Clerk of the House

SENATE-HOUSE HISTORY Continued

19

Received from the House
Version: _____

Concur in House amendment
Y ___ N ___ E ___ A ___
_____ Efd same or Y ___ N ___ E ___ A ___

Failed to concur in House amendment, ask House recede
Y ___ N ___ E ___ A ___

House failed to / receded from amendment
Y ___ N ___ E ___ A ___

CC appointed by Senate _____ Chair

CC appointed by House _____ Chair

(S) Granted Limited Powers of Free Conference

(H) Granted Limited Powers of Free Conference

19

(S) Adopted CC Rpt _____
Y ___ N ___ E ___ A ___
_____ Efd same or Y ___ N ___ E ___ A ___

(H) Adopted CC Rpt _____
Y ___ N ___ E ___ A ___
_____ Efd same or Y ___ N ___ E ___ A ___

To enrolling
Received from enrolling
Sent to Governor

_____ By Governor

Chapter Number _____

Filed with Lieutenant Governor

4-3-93
DP-3
Adoption
P
SB175

8-LS0936A

SENATE BILL NO. 175 (Fin)

IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Introduced: 3/25/93
Referred: FINANCE

A BILL

FOR AN ACT ENTITLED

1 "An Act making appropriations for the operating and loan program expenses of
2 state government and to capitalize funds; and providing for an effective date."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 * Section 1. Included within the general fund amounts appropriated in this Act, the
5 following amounts are from the unreserved special accounts in the general fund:

6	Highway fuel tax account	\$21,500,000
7	Aviation fuel tax account	10,500,000

8 * Sec. 2. Federal or other program receipts as defined under AS 37.05.146 that exceed the
9 amounts appropriated in this Act are appropriated conditioned upon compliance with the
10 program review provisions of AS 37.07.080(h).

11 * Sec. 3. If federal or other program receipts as defined under AS 37.05.146 exceed the
12 estimates appropriated by this Act, the appropriation from state funds for the affected program
13 may be reduced by the amount of the excess if the reductions are consistent with applicable
14 federal statutes.

1 * Sec. 4. Except as provided in sec. 5 of this Act, if federal or other program receipts as
2 defined under AS 37.05.146 fall short of the estimates appropriated by this Act, the affected
3 appropriation is reduced by the amount of the shortfall in receipts.

4 * Sec. 5. If the federal receipts under 42 U.S.C. 1397 - 1397f (Title XX of the Social
5 Security Act) fall short of the estimate, the amount of the shortfall is appropriated from the
6 general fund.

7 * Sec. 6. (a) Amounts equivalent to the amounts to be received in settlement of insurance
8 claims for losses and the amounts to be received as recovery for losses are appropriated from
9 the general fund to the state insurance catastrophe reserve account established by
10 AS 37.05.289.

11 (b) Amounts equivalent to the amounts to be received in settlement of claims against
12 bonds guaranteeing the reclamation of state land are appropriated from the general fund to the
13 agency secured by the bond. This appropriation is made for the purpose of reclaiming state
14 land affected by a use covered by the bond.

15 (c) The appropriations made in this section are contingent upon compliance with the
16 program review provisions of AS 37.07.080(h).

17 * Sec. 7. The amount required to pay interest on revenue anticipation notes issued by the
18 commissioner of revenue under AS 43.08 is appropriated from the general fund to the
19 Department of Revenue.

20 * Sec. 8. The amount required to be paid by the state for the principal of and interest on
21 all issued and outstanding state-guaranteed bonds is appropriated from the general fund to the
22 state bond committee to make all payments by the state required under its guarantee for
23 principal and interest.

24 * Sec. 9. The sum of \$7,555,288 is appropriated from the international airports revenue
25 fund (AS 37.15.430) to the state bond committee for payment of debt service and trustee fees
26 on outstanding international airports revenue bonds.

27 * Sec. 10. The amount of the rebate requirement, as defined by Resolution No. 86-5 of the
28 state bond committee, is appropriated from the international airports revenue fund
29 (AS 37.15.430) to the state bond committee for deposit in the rebate fund established by
30 Resolution No. 86-5 of the state bond committee.

31 * Sec. 11. The amount required to be paid to the redemption fund held by the trustee, as

*Approp. to state bond committee.
Legal Services will properly word. (G.U. is aware of this)*

Amendment
Alaska

1 defined by Resolution No. 91-6 of the state bond committee, is appropriated from the
2 international airports revenue fund (AS 37.15.430).

3 * Sec. 12. (a) The sum of \$11,143,807 is appropriated from the general fund to the Alaska
4 debt retirement fund (AS 37.15.011).

5 (b) The sum of \$11,143,807 is appropriated from the Alaska debt retirement fund
6 (AS 37.15.011) to the state bond committee for lease payments to the Alaska Housing Finance
7 Corporation, City of Seward, City of Palmer, City of Kenai, and the Department of Natural
8 Resources.

9 * Sec. 13. (a) The sum of \$34,009,975 is appropriated from the general fund to the Alaska
10 debt retirement fund (AS 37.15.011).

11 (b) The sum of \$34,009,975 is appropriated from the Alaska debt retirement fund
12 (AS 37.15.011) to the state bond committee for payment of debt service and trustee fees on
13 state general obligation bonds.

14 ~~* Sec. 14. (a) The sum of \$99,795,200 is appropriated from the general fund to the Alaska~~
15 ~~debt retirement fund (AS 37.15.011).~~

16 ~~(b) The sum of \$99,795,200 is appropriated from the Alaska debt retirement fund~~
17 ~~(AS 37.15.011) to the Department of Education for state aid for costs of school construction~~
18 ~~under AS 14.11.100.~~

19 * Sec. 15. The income of the Alaska permanent fund allocated annually to pay permanent
20 fund dividends as provided in AS 43.23.045(b) is appropriated to the dividend fund
21 (AS 43.23.045(a)) for the payment of the 1993 permanent fund dividend and administrative
22 and associated costs.

23 * Sec. 16. (a) The amount calculated under AS 37.13.145 to offset the effect of inflation
24 on the principal of the Alaska permanent fund is appropriated to the principal of the Alaska
25 permanent fund from the income of the Alaska permanent fund that remains after money is
26 transferred to the dividend fund under sec. 15 of this Act.

27 (b) If the amount appropriated under (a) of this section is not sufficient to fully offset
28 the effect of inflation, then the additional amount necessary to fully inflation-proof the
29 principal of the Alaska permanent fund is appropriated from the earnings reserve account
30 (AS 37.13.145) to the principal of the Alaska permanent fund.

31 * Sec. 17. The interest earned during fiscal year 1994 on revenue from the sources set out

Handwritten:
Adopted
see
handout

1 in AS 37.13.010 while the revenue is held in trust, escrow, or otherwise before receipt of the
2 revenue by the state is appropriated to the principal of the Alaska permanent fund.

3 * Sec. 18. The amount required to be deposited under AS 37.13.010(a)(1) and (2) during
4 fiscal year 1994 is appropriated to the principal of the Alaska permanent fund in satisfaction
5 of that requirement.

6 * Sec. 19. The lapsing balance of the employment assistance and training program account
7 (sec. 3, ch. 95, SLA 1989) on June 30, 1993, is appropriated to the unemployment
8 compensation fund (AS 23.20.130) on July 1, 1993.

9 * Sec. 20. (a) Except as provided in (b) and (c) of this section, all unrestricted mortgage
10 loan interest payments and all other unrestricted receipts, including, without limitation,
11 mortgage loan commitment fees, received by or accrued to the Alaska Housing Finance
12 Corporation during the fiscal year 1994, and all income earned on assets of the corporation
13 during that period, are appropriated to the Alaska housing finance revolving fund
14 (AS 18.56.082) for the purposes described in AS 18.56.

15 (b) All unrestricted mortgage loan interest payments and all other unrestricted receipts,
16 including, without limitation, mortgage loan commitment fees, received by or accrued to the
17 housing assistance loan fund (AS 18.56.420) in the Alaska Housing Finance Corporation
18 during the fiscal year 1994, and all income earned on assets of that fund during that period,
19 are appropriated to the housing assistance loan fund in the Alaska Housing Finance
20 Corporation for the purposes of that fund.

21 (c) All unrestricted mortgage loan interest payments and all other unrestricted receipts,
22 including, without limitation, mortgage loan commitment fees, received by or accrued to the
23 senior housing revolving fund (AS 18.56.710) in the Alaska Housing Finance Corporation
24 during the fiscal year 1994, and all income earned on assets of that fund during that period,
25 are appropriated to the senior housing revolving fund in the Alaska Housing Finance
26 Corporation for the purposes of that fund.

27 ~~Sec. 21.~~ The sum of \$6,502,800 ^{4,802,800 adopted} is appropriated to the general fund, as an additional
28 revenue source, from the following enterprise fund in the amount listed:

29 Commercial fishing revolving loan fund (AS 16.10.340)

Adopted
- \$5,002,800 - 200.00
+ 4,802,800
- 1,500,000 *Adopted*

30 ~~Agricultural revolving loan fund (AS 03.10.040)~~

*JK
Adopted
Line
30*

31 * Sec. 22. The sum of \$26,800,000 ^{- 100.00} is appropriated from the general fund to the oil and

*+ 26,700,000 JK
Adopted*

1 hazardous substance release response fund (AS 46.08.010).

2 * Sec. 23. The balance of the oil and hazardous substance release mitigation account
3 (AS 46.04.010 and AS 46.08.020) on July 1, 1993, is appropriated to the oil and hazardous
4 substance release response fund (AS 46.08.010).

~~Deleted~~
D P
Delete

5 * ~~Sec. 24. The unexpended and unobligated balance of the oil and hazardous substance~~
6 ~~release response fund (AS 46.08.010) on July 1, 1993, not otherwise appropriated by sec. 38~~
7 ~~of this Act, is appropriated to the Department of Environmental Conservation for fiscal year~~
8 ~~1994 for spill reserve.~~

9 * Sec. 25. The sum of \$10,623,400 is appropriated to the following departments, from the
10 following sources, for costs relating to legal proceedings and audit activity involving oil and
11 gas revenue due or paid to the state or state title to oil and gas land, for the fiscal year ending
12 June 30, 1994:

13 Department of Law

14 General fund \$7,608,400

15 State corporation receipts 2,750,000

16 Department of Revenue

17 General fund 265,000

TK
Delete

18 * ~~Sec. 26. The sum of \$3,788,400 is appropriated from the general fund to the Department~~
19 ~~of Natural Resources for costs associated with fire suppression for the fiscal year ending~~
20 ~~June 30, 1994.~~

21 * Sec. 27. The sum of \$7,945,200 is appropriated to the disaster relief fund
22 (AS 26.23.300), for the fiscal year ending June 30, 1994, from the following sources:

23 Federal receipts \$5,000,000

24 General fund 2,945,200

D P
Delete

25 * Sec. 28. The sum of ~~\$23,862,100~~ ^{\$22,631,700} is appropriated to the information services fund
26 (AS 44.21.045) for the Department of Administration, division of information services
27 programs from the following sources:

28 General fund \$ 2,561,600

29 General fund program receipts ~~\$ 2,311,600~~
55,000

30 Inter-agency receipts 21,245,500

31 * Sec. 29. The sum of ~~\$29,000,000~~ ^{\$28,329,200} is appropriated from the general fund to the Alaska

Adopted

Adopted

1 marine highway system fund (AS 19.65.060) to continue to provide stable services to the
2 public.

3 * Sec. 30. The sum of \$2,068,200 is appropriated from the general fund to the fisheries
4 enhancement revolving loan fund (AS 16.10.505) for the fisheries enhancement loan programs.

5 * Sec. 31. The sum of ~~\$2,000,000~~^{\$2,871,400} is appropriated from the mental health trust income
6 account (AS 37.14.011) to the unreserved portion of the general fund for statewide indirect
7 cost recovery related to mental health programs. *Adopted (see handout)*

8 * Sec. 32. (a) The sum of ~~\$6,491,500~~^{5,691,500} is appropriated from the oil and hazardous substance
9 release mitigation account (AS 46.04.010 and AS 46.08.020) to the storage tank assistance
10 fund (AS 46.03.410) for the fiscal year ending June 30, 1994. *Adopted*

11 (b) The fiscal year 1994 general fund receipts of the tank registration fee program
12 under AS 46.03.385 are appropriated to the storage tank assistance fund (AS 46.03.410).

13 * Sec. 33. The balance on June 30, 1993, of the Safety Advisory Council program receipts
14 account for the fiscal year 1993 is appropriated to the Safety Advisory Council for costs of
15 the 1994 annual governor's safety conference.

16 * Sec. 34. The amounts necessary to refund to local governments their share of taxes and
17 fees collected under the following programs are appropriated to the Department of Revenue
18 from the general fund for payment in fiscal year 1994:

- 19 (1) fisheries tax revenue for fiscal year 1993 (AS 43.75);
- 20 (2) amusement and gaming tax revenue for fiscal year 1994 (AS 43.35);
- 21 (3) aviation fuel tax revenue for fiscal year 1994 (AS 43.40.010);
- 22 (4) electric and telephone cooperative tax revenue for fiscal year 1994
23 (AS 10.25.570); and
- 24 (5) liquor license fee revenue for fiscal year 1994 (AS 04.11).

25 * Sec. 35. The amount equal to the salmon enhancement tax collected under
26 AS 43.76.010 - 43.76.030 and deposited in the general fund under AS 43.76.025(c) is
27 appropriated from the general fund to the Department of Commerce and Economic
28 Development for payment in fiscal year 1994 to provide financing for qualified regional
29 associations operating within a region designated under AS 16.10.375.

30 * Sec. 36. If the unrestricted state revenue available for appropriation in fiscal year 1994
31 is insufficient to cover the general fund appropriations made for fiscal year 1994, the amount

1 necessary to balance revenue and general fund appropriations is appropriated to the general
2 fund from the budget reserve fund (AS 37.05.540).

* Sec. 37. The appropriations made by secs. 20, 28, 29, 30, and 32 of this Act are for capitalization of funds and do not lapse under AS 37.25.010.

(SECTION 38 BEGINS ON PAGE 9)

Adopted
etc
4-3-93

1 debt retirement fund (AS 37.15.011).

2 (b) The sum of \$11,143,807 is appropriated from the Alaska debt retirement fund
3 (AS 37.15.011) to the state bond committee for lease payments to the Alaska Housing Finance
4 Corporation, City of Seward, City of Palmer, City of Kenai, and the Department of Natural
5 Resources.

6 * Sec. 12. (a) The sum of \$34,009,975 is appropriated from the general fund to the Alaska
7 debt retirement fund (AS 37.15.011).

8 (b) The sum of \$34,009,975 is appropriated from the Alaska debt retirement fund
9 (AS 37.15.011) to the state bond committee for payment of debt service and trustee fees on
10 state general obligation bonds.

11 * Sec. 13. The amount required to be paid to the redemption fund held by the trustee, as
12 defined by Resolution No. 91-6 of the state bond committee, is appropriated from the
13 international airports revenue fund (AS 37.15.430) to the state bond committee for payment
14 of debt service.

15 * Sec. 14. The income of the Alaska permanent fund allocated annually to pay permanent
16 fund dividends as provided in AS 37.13.145(b) is appropriated from the earnings reserve
17 account (AS 37.13.145) to the dividend fund (AS 43.23.045(a)) for the payment of the 1993
18 permanent fund dividend and administrative and associated costs.

19 * Sec. ¹⁶~~15~~. The amount calculated under AS 37.13.145 to offset the effect of inflation on
20 the principal of the Alaska permanent fund is appropriated to the principal of the Alaska
21 permanent fund from the earnings reserve account (AS 37.13.145) of the Alaska permanent
22 fund that remains after money is transferred to the dividend fund under sec. ¹⁵~~14~~ of this Act.

23 * Sec. 16. The amount required to be deposited under AS 37.13.010(a)(1) and (2) during
24 fiscal year 1994 is appropriated to the principal of the Alaska permanent fund in satisfaction
25 of that requirement.

26 * Sec. 17. The lapsing balance of the employment assistance and training program account
27 (sec. 3, ch. 95, SLA 1989) on June 30, 1993, is appropriated to the unemployment
28 compensation fund (AS 23.20.130) on July 1, 1993.

29 * Sec. 18. (a) Except as provided in (b) and (c) of this section, all unrestricted mortgage
30 loan interest payments and all other unrestricted receipts, including, without limitation,
31 mortgage loan commitment fees, received by or accrued to the Alaska Housing Finance

Adopted
as new language
Sec. 16

Adopted
SFC
4-3-93

Front Section Appropriation

Reduce Section 31 (MHTIA) of Senate Bill 175 from 2,000.0 to 871.4 to reflect transfers to the following components incorporated in agency budgets:

Original Amount		2,000.0
Less		
Commissioner's Office (DHSS)	-62.8	
Budget & Finance (DHSS)	-219.4	
Personnel & Payroll (DHSS)	-63.7	
Alcohol & Drug Abuse (DHSS)	-360.0	
Comm MH Grants (DHSS)	-100.0	
AK MH Board (DHSS)	-12.7	
Profess. Direct Instruction (U of A)	<u>-310.0</u>	
		<u>-1128.6</u>
		871.4

Adopted

**KERTTULA SENATE FINANCE
COMMITTEE**

Amendment Number: !
Bill Number:
Sponsor: Kerttula Date: 4-3-73
Logged In By:

Amendment to the Front section of the budget
Section ~~20~~²¹ Line 30

Delete \$1,500,000 appropriation to the General Fund from the
Agricultural revolving loan fund.

SENATE BILL NO. 175
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Introduced: 3/25/93
 Referred: FINANCE

A BILL
FOR AN ACT ENTITLED

1 "An Act making appropriations for the operating and loan program expenses of
 2 state government and to capitalize funds; and providing for an effective date."

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

4 * Section 1. Included within the general fund amounts appropriated in this Act, the
 5 following amounts are from the unreserved special accounts in the general fund:

6 Highway fuel tax account	\$21,500,000
7 Aviation fuel tax account	10,500,000

8 * Sec. 2. Federal or other program receipts as defined under AS 37.05.146 that exceed the
 9 amounts appropriated in this Act are appropriated conditioned upon compliance with the
 10 program review provisions of AS 37.07.080(h).

11 * Sec. 3. If federal or other program receipts as defined under AS 37.05.146 exceed the
 12 estimates appropriated by this Act, the appropriation from state funds for the affected program
 13 may be reduced by the amount of the excess if the reductions are consistent with applicable
 14 federal statutes.

1 * **Sec. 4.** Except as provided in sec. 5 of this Act, if federal or other program receipts as
2 defined under AS 37.05.146 fall short of the estimates appropriated by this Act, the affected
3 appropriation is reduced by the amount of the shortfall in receipts.

4 * **Sec. 5.** If the federal receipts under 42 U.S.C. 1397 - 1397f (Title XX of the Social
5 Security Act) fall short of the estimate, the amount of the shortfall is appropriated from the
6 general fund.

7 * **Sec. 6.** (a) Amounts equivalent to the amounts to be received in settlement of insurance
8 claims for losses and the amounts to be received as recovery for losses are appropriated from
9 the general fund to the state insurance catastrophe reserve account established by
10 AS 37.05.289.

11 (b) Amounts equivalent to the amounts to be received in settlement of claims against
12 bonds guaranteeing the reclamation of state land are appropriated from the general fund to the
13 agency secured by the bond. This appropriation is made for the purpose of reclaiming state
14 land affected by a use covered by the bond.

15 (c) The appropriations made in this section are contingent upon compliance with the
16 program review provisions of AS 37.07.080(h).

17 * **Sec. 7.** The amount required to pay interest on revenue anticipation notes issued by the
18 commissioner of revenue under AS 43.08 is appropriated from the general fund to the
19 Department of Revenue.

20 * **Sec. 8.** The amount required to be paid by the state for the principal of and interest on
21 all issued and outstanding state-guaranteed bonds is appropriated from the general fund to the
22 state bond committee to make all payments by the state required under its guarantee for
23 principal and interest.

24 * **Sec. 9.** The sum of \$7,555,288 is appropriated from the international airports revenue
25 fund (AS 37.15.430) to the state bond committee for payment of debt service and trustee fees
26 on outstanding international airports revenue bonds.

27 * **Sec. 10.** The amount of the rebate requirement, as defined by Resolution No. 86-5 of the
28 state bond committee, is appropriated from the international airports revenue fund
29 (AS 37.15.430) to the state bond committee for deposit in the rebate fund established by
30 Resolution No. 86-5 of the state bond committee.

31 * **Sec. 11.** The amount required to be paid to the redemption fund held by the trustee, as

1 defined by Resolution No. 91-6 of the state bond committee, is appropriated from the
2 international airports revenue fund (AS 37.15.430).

3 * **Sec. 12.** (a) The sum of \$11,143,807 is appropriated from the general fund to the Alaska
4 debt retirement fund (AS 37.15.011).

5 (b) The sum of \$11,143,807 is appropriated from the Alaska debt retirement fund
6 (AS 37.15.011) to the state bond committee for lease payments to the Alaska Housing Finance
7 Corporation, City of Seward, City of Palmer, City of Kenai, and the Department of Natural
8 Resources.

9 * **Sec. 13.** (a) The sum of \$34,009,975 is appropriated from the general fund to the Alaska
10 debt retirement fund (AS 37.15.011).

11 (b) The sum of \$34,009,975 is appropriated from the Alaska debt retirement fund
12 (AS 37.15.011) to the state bond committee for payment of debt service and trustee fees on
13 state general obligation bonds.

14 * **Sec. 14.** (a) The sum of \$99,795,200 is appropriated from the general fund to the Alaska
15 debt retirement fund (AS 37.15.011).

16 (b) The sum of \$99,795,200 is appropriated from the Alaska debt retirement fund
17 (AS 37.15.011) to the Department of Education for state aid for costs of school construction
18 under AS 14.11.100.

19 * **Sec. 15.** The income of the Alaska permanent fund allocated annually to pay permanent
20 fund dividends as provided in AS 43.23.045(b) is appropriated to the dividend fund
21 (AS 43.23.045(a)) for the payment of the 1993 permanent fund dividend and administrative
22 and associated costs.

23 * **Sec. 16.** (a) The amount calculated under AS 37.13.145 to offset the effect of inflation
24 on the principal of the Alaska permanent fund is appropriated to the principal of the Alaska
25 permanent fund from the income of the Alaska permanent fund that remains after money is
26 transferred to the dividend fund under sec. 15 of this Act.

27 (b) If the amount appropriated under (a) of this section is not sufficient to fully offset
28 the effect of inflation, then the additional amount necessary to fully inflation-proof the
29 principal of the Alaska permanent fund is appropriated from the earnings reserve account
30 (AS 37.13.145) to the principal of the Alaska permanent fund.

31 * **Sec. 17.** The interest earned during fiscal year 1994 on revenue from the sources set out

1 in AS 37.13.010 while the revenue is held in trust, escrow, or otherwise before receipt of the
2 revenue by the state is appropriated to the principal of the Alaska permanent fund.

3 * **Sec. 18.** The amount required to be deposited under AS 37.13.010(a)(1) and (2) during
4 fiscal year 1994 is appropriated to the principal of the Alaska permanent fund in satisfaction
5 of that requirement.

6 * **Sec. 19.** The lapsing balance of the employment assistance and training program account
7 (sec. 3, ch. 95, SLA 1989) on June 30, 1993, is appropriated to the unemployment
8 compensation fund (AS 23.20.130) on July 1, 1993.

9 * **Sec. 20.** (a) Except as provided in (b) and (c) of this section, all unrestricted mortgage
10 loan interest payments and all other unrestricted receipts, including, without limitation,
11 mortgage loan commitment fees, received by or accrued to the Alaska Housing Finance
12 Corporation during the fiscal year 1994, and all income earned on assets of the corporation
13 during that period, are appropriated to the Alaska housing finance revolving fund
14 (AS 18.56.082) for the purposes described in AS 18.56.

15 (b) All unrestricted mortgage loan interest payments and all other unrestricted receipts,
16 including, without limitation, mortgage loan commitment fees, received by or accrued to the
17 housing assistance loan fund (AS 18.56.420) in the Alaska Housing Finance Corporation
18 during the fiscal year 1994, and all income earned on assets of that fund during that period,
19 are appropriated to the housing assistance loan fund in the Alaska Housing Finance
20 Corporation for the purposes of that fund.

21 (c) All unrestricted mortgage loan interest payments and all other unrestricted receipts,
22 including, without limitation, mortgage loan commitment fees, received by or accrued to the
23 senior housing revolving fund (AS 18.56.710) in the Alaska Housing Finance Corporation
24 during the fiscal year 1994, and all income earned on assets of that fund during that period,
25 are appropriated to the senior housing revolving fund in the Alaska Housing Finance
26 Corporation for the purposes of that fund.

27 * **Sec. 21.** The sum of \$6,502,800 is appropriated to the general fund, as an additional
28 revenue source, from the following enterprise fund in the amount listed:

29 Commercial fishing revolving loan fund (AS 16.10.340)	\$5,002,800
30 Agricultural revolving loan fund (AS 03.10.040)	1,500,000

31 * **Sec. 22.** The sum of \$26,800,000 is appropriated from the general fund to the oil and

1 hazardous substance release response fund (AS 46.08.010).

2 * Sec. 23. The balance of the oil and hazardous substance release mitigation account
3 (AS 46.04.010 and AS 46.08.020) on July 1, 1993, is appropriated to the oil and hazardous
4 substance release response fund (AS 46.08.010).

5 * Sec. 24. The unexpended and unobligated balance of the oil and hazardous substance
6 release response fund (AS 46.08.010) on July 1, 1993, not otherwise appropriated by sec. 38
7 of this Act, is appropriated to the Department of Environmental Conservation for fiscal year
8 1994 for spill reserve.

9 * Sec. 25. The sum of \$10,623,400 is appropriated to the following departments, from the
10 following sources, for costs relating to legal proceedings and audit activity involving oil and
11 gas revenue due or paid to the state or state title to oil and gas land, for the fiscal year ending
12 June 30, 1994:

13	Department of Law	
14	General fund	\$7,608,400
15	State corporation receipts	2,750,000
16	Department of Revenue	
17	General fund	265,000

18 * Sec. 26. The sum of \$3,788,400 is appropriated from the general fund to the Department
19 of Natural Resources for costs associated with fire suppression for the fiscal year ending
20 June 30, 1994.

21 * Sec. 27. The sum of \$7,945,200 is appropriated to the disaster relief fund
22 (AS 26.23.300), for the fiscal year ending June 30, 1994, from the following sources:

23	Federal receipts	\$5,000,000
24	General fund	2,945,200

25 * Sec. 28. The sum of \$23,862,100 is appropriated to the information services fund
26 (AS 44.21.045) for the Department of Administration, division of information services
27 programs from the following sources:

28	General fund	\$ 2,561,600
29	General fund program receipts	55,000
30	Inter-agency receipts	21,245,500

31 * Sec. 29. The sum of \$29,000,000 is appropriated from the general fund to the Alaska

1 marine highway system fund (AS 19.65.060) to continue to provide stable services to the
2 public.

3 * Sec. 30. The sum of \$2,068,200 is appropriated from the general fund to the fisheries
4 enhancement revolving loan fund (AS 16.10.505) for the fisheries enhancement loan programs.

5 * Sec. 31. The sum of \$2,000,000 is appropriated from the mental health trust income
6 account (AS 37.14.011) to the unreserved portion of the general fund for statewide indirect
7 cost recovery related to mental health programs.

8 * Sec. 32. (a) The sum of \$6,491,500 is appropriated from the oil and hazardous substance
9 release mitigation account (AS 46.04.010 and AS 46.08.020) to the storage tank assistance
10 fund (AS 46.03.410) for the fiscal year ending June 30, 1994.

11 (b) The fiscal year 1994 general fund receipts of the tank registration fee program
12 under AS 46.03.385 are appropriated to the storage tank assistance fund (AS 46.03.410).

13 * Sec. 33. The balance on June 30, 1993, of the Safety Advisory Council program receipts
14 account for the fiscal year 1993 is appropriated to the Safety Advisory Council for costs of
15 the 1994 annual governor's safety conference.

16 * Sec. 34. The amounts necessary to refund to local governments their share of taxes and
17 fees collected under the following programs are appropriated to the Department of Revenue
18 from the general fund for payment in fiscal year 1994:

- 19 (1) fisheries tax revenue for fiscal year 1993 (AS 43.75);
20 (2) amusement and gaming tax revenue for fiscal year 1994 (AS 43.35);
21 (3) aviation fuel tax revenue for fiscal year 1994 (AS 43.40.010);
22 (4) electric and telephone cooperative tax revenue for fiscal year 1994
23 (AS 10.25.570); and
24 (5) liquor license fee revenue for fiscal year 1994 (AS 04.11).

25 * Sec. 35. The amount equal to the salmon enhancement tax collected under
26 AS 43.76.010 - 43.76.030 and deposited in the general fund under AS 43.76.025(c) is
27 appropriated from the general fund to the Department of Commerce and Economic
28 Development for payment in fiscal year 1994 to provide financing for qualified regional
29 associations operating within a region designated under AS 16.10.375.

30 * Sec. 36. If the unrestricted state revenue available for appropriation in fiscal year 1994
31 is insufficient to cover the general fund appropriations made for fiscal year 1994, the amount

1 necessary to balance revenue and general fund appropriations is appropriated to the general
2 fund from the budget reserve fund (AS 37.05.540).

* **Sec. 37.** The appropriations made by secs. 20, 28, 29, 30, and 32 of this Act are for capitalization of funds and do not lapse under AS 37.25.010.

(SECTION 38 BEGINS ON PAGE 9)

FISCAL YEAR 1994 BUDGET SUMMARY BY FUNDING SOURCE

Funding Source	Senate Budget
Federal Receipts	534,175,300
General Fund Match	203,572,600
General Fund Receipts	1,126,919,300
General Fund/Program Receipts	76,586,900
General Fund/Mental Health Trust	123,032,300
Inter-Agency Receipts	136,920,600
U/A Interest Income	2,780,600
Alaska Education Trust Fund	35,200
Alcoholism & Drug Abuse Revolving Ln Fund	2,000
Donated Commodity/Handling Fee Account	357,700
U/A Dormitory/Food/Auxiliary Service	19,930,700
Federal Incentive Payments	981,900
Benefits Systems Receipts	3,651,100
Rural Development Initiative Fund	70,000
Agricultural Loan Fund	1,385,000
State Corporation Receipts	39,544,800
Fish and Game Fund	14,667,300
Science & Technology Endowment Income	13,119,700
Highway Working Capital Fund	21,402,100
International Airport Revenue Fund	36,808,100
Public Employees Retirement Fund	15,142,000
School Fund (Cigarette Tax)	0
Second Injury Fund Reserve Account	2,265,600
Disabled Fishermans Reserve Account	1,289,400
Surplus Property Revolving Fund	212,800
Teachers Retirement System Fund	9,696,000
Veterans Revolving Loan Fund	307,300
Commercial Fishing Loan Fund	1,616,100
U/A Student Tuition/Fees/Services	47,763,300
U/A Indirect Cost Recovery	11,005,700
Real Estate Surety Fund	149,100
Judicial Retirement System	129,400
Public Law 81-874	160,000
Debt Retirement	-0
National Guard Retirement System	58,800
Title 20	6,394,700
University Restricted Receipts	47,007,400
Training and Building Fund	974,300
Permanent Fund Dividend Fund	25,101,000
Prince William Sound Oil Spill	0
Oil/Hazardous Response Fund	16,253,400
Investment Loss Trust Fund	35,200
State Employment & Training Program	3,648,500
Inter-agency Rcpts/Oil & Hazardous Waste	3,133,700
Electrical Service Extension Fund	36,700
Small Business Loan Fund	78,900
Tourism Revolving Loan Fund	1,000
Correctional Industries Fund	2,250,600
Capital Improvement Project Receipts	79,874,900
Power Project Loan Fund	23,000
National Petroleum Reserve Fund	600,000
Housing Assistance Loan Fund	0
Rural Electrification Revolving Loan Fund	3,200
Public School Fund	301,800
Mining Revolving Loan Fund	202,800
Child Care Revolving Loan Fund	25,700
Historical District Revolving Loan Fund	7,000

FISCAL YEAR 1994 BUDGET SUMMARY BY FUNDING SOURCE

<u>Funding Source</u>	<u>Senate Budget</u>
Fisheries Enhancement Revolving Loan Fund	251,900
Alternative Energy Revolving Loan Fund	347,300
Residential Energy Conservation Loan Fund	207,500
Power Development Revolving Loan Fund	1,088,900
Bulk Fuel Revolving Loan Fund	72,500
Alaska Clean Water Loan Fund	127,700
Marine Highway System Fund	73,618,300
Indv/Foundt'n/Corp Gifts/Grants/Bequests	415,200
Storage Tank Assistance Fund	6,691,500
School Construction Fund	0
Information Service Fund	23,862,100
* * * TOTAL * * *	\$2,738,375,400

1 * Sec. 38 The following appropriation items are for operating expenditures from the general
 2 fund or other funds as set out in the fiscal year 1994 budget summary for the operating
 3 budget by funding source to the agencies named for the purposes expressed for the fiscal
 4 year beginning July 1, 1993 and ending June 30, 1994, unless otherwise indicated.

		Appropriation	Appropriation	Fund Sources
	Allocations	Items	General Fund	Other Funds
7	* * * * *	* * * * *		
8	* * * * *	Office of the Governor	* * * * *	
9	* * * * *	* * * * *		
10	Commissions/Special Offices	1,141,000	1,066,900	74,100
11	Human Rights Commission	1,080,300		
12	Alaska Human Relations	60,700		
13	Commission			
14	Executive Operations	8,495,700	8,420,700	75,000
15	Executive Office	6,695,400		
16	Governor's House	299,100		
17	Contingency Fund	400,000		
18	Lieutenant Governor	709,900		
19	Media Center	391,300		
20	Office of Management & Budget	6,551,200	4,210,200	2,341,000
21	Office of the Director	470,400		
22	Budget Review	1,060,500		
23	Audit and Management Services	880,000		
24	Governmental Coordination	4,140,300		
25	Elective Operations	2,535,200	2,535,200	
26	Elections	2,227,400		
27	General and Primary Elections	307,800		
28	* * * * *	* * * * *		
29	* * * * *	Department of Administration	* * * * *	
30	* * * * *	* * * * *		
31	Longevity Bonus	70,074,800	70,074,800	
32	Grants	69,584,200		
33	Administration	490,600		
34	Pioneers Homes	30,647,400	30,432,500	214,900
35	Sitka	5,046,700		
36	Fairbanks	5,135,600		
37	Palmer	4,827,100		

1 Department of Administration (cont.)		Appropriation		Appropriation Fund Sources	
	Allocations	Items	General Fund	Other Funds	
4	Anchorage	9,266,900			
5	Ketchikan	3,084,800			
6	Juneau	2,821,100			
7	Central Office	452,400			
8	Pioneers Homes Advisory Board	12,800			
9	Older Alaskans Commission		12,542,100	5,774,200	6,767,900
10	Older Alaskan Services	1,755,800			
11	Nutrition, Transportation &	5,528,700			
12	Support Services				
13	Senior Employment Services	1,802,700			
14	Home & Community-Based Care	2,345,200			
15	Senior Residential Services	1,109,700			
16	Public Defender Agency		7,692,200	7,692,200	
17	Office of Public Advocacy		6,662,600	6,637,600	25,000
18	Office of the Commissioner		26,357,000	15,806,500	10,550,500
19	Office of the Commissioner	568,400			
20	Administrative Services	1,502,800			
21	Personnel/Equal Employment	4,122,900			
22	Opportunity				
23	Productivity Improvement Center	663,600			
24	Finance	6,756,700			
25	Purchasing	1,621,400			
26	Property Management	496,300			
27	Central Duplicating and Mail	2,000,100			
28	Retirement and Benefits	7,730,900			
29	Elected Public Officers	893,900			
30	Retirement System Benefits				
31	Alaska Public Offices Commission		685,100	685,100	
32	Risk Management		18,582,900		18,582,900
33	Information Services		25,062,500	1,200,400	23,862,100
34	Computer Services	15,205,600			
35	Telecommunications Services	8,656,500			
36	Rural Alaska Television Network	1,200,400			
37	Public Broadcasting Commission		5,871,800	5,871,800	

1 Department of Administration (cont.)		Appropriation		Appropriation	Fund Sources
	Allocations	Items	General Fund	Other Funds	
4 Leases		31,188,500	26,484,900		4,703,600
5	* * * * *	* * * * *			
6	* * * * * Department of Law	* * * * *			
7	* * * * *	* * * * *			
8 Prosecution		11,605,400	11,147,400		458,000
9 First Judicial District	1,083,100				
10 Second Judicial District	704,300				
11 Third Judicial District	5,643,700				
12 Fourth Judicial District	1,963,700				
13 Criminal Justice Litigation	1,053,600				
14 Criminal Appeals and Special	1,157,000				
15 Prosecution					
16 Legal Services		20,356,300	10,628,400		9,727,900
17 Fair Business Practices Section	571,400				
18 Operations	16,037,400				
19 Mental Health Lands	2,089,500				
20 Medicaid Provider Fraud Unit	555,600				
21 Administration and Support	1,102,400				
22 Oil and Gas Operations		3,116,300			3,116,300
23 Exxon Valdez Litigation		2,485,100	1,479,900		1,005,200
24	* * * * *	* * * * *			
25	* * * * * Department of Revenue	* * * * *			
26	* * * * *	* * * * *			
27 Child Support Enforcement		8,281,900	1,708,100		6,573,800
28 Alcohol Beverage Control Board		507,000	507,000		
29 Municipal Bond Bank Authority		512,300			512,300
30 Permanent Fund Corporation		17,462,700			17,462,700
31 Alaska Housing Finance Corporation		14,235,300			14,235,300
32 Science and Technology		9,609,700			9,609,700
33 Revenue Operations		29,781,300	8,513,900		21,267,400
34 Income and Excise Audit	3,411,500				
35 Gaming	686,400				
36 Oil and Gas Audit	3,380,300				
37 Treasury Management	22,303,100				