

ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672

8699 HOUSE LABOR & COMMERCE

SB

160

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. SB 160

Revision Date: _____
 Title: Exclusions from Unemployment Coverage
 Sponsor: Senator Torgerson
 Requestor: House Labor & Commerce

Department Affected: Labor
 BRU: Employment Security
 Component: Employment/Unemployment Services
 COMPONENT SERIAL NO. 1807

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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CHANGE IN REVENUE FUND SOURCE #						
------------------------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY96) impact: \$ None

ANALYSIS: (Attach a separate page if necessary)

SB 160 would expand the unemployment insurance coverage exemption for workers in the employ of their parents. Currently AS 23.20.526(a)(4) already excludes service performed by a child under the age of 18 in the employ of the child's father or mother. The bill would exclude such service by a worker of any age, so long as the worker was a student during eight of the last 12 months and intends to resume full-time schooling within the next four months.

Prepared by: Rebecca Nance, Director Phone: 465-2712
 Division: Employment Security Date: 1/29/96
 Approved by Commissioner: Tom Cashen, Commissioner
 Agency: Department of Labor Date: 1/29/96

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HOUSE COMMITTEE REPORT

(7)

Date Referred: May 9, 1995

FURTHER REFERRALS:

Date of Committee Action: 1-31-96

The LABOR AND COMMERCE Committee considered:

SB 160 am

SENATE BILL NO. 160 am

EXCLUSIONS FROM UNEMPLOYMENT COVERAGE

"An Act excluding certain employment by students from the definition of 'employment' in the state employment security laws."

recommends it be replaced the same title
 with the following committee substitute _____ a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) _____ fiscal note(s) _____

zero fiscal note(s) Labor _____ zero fiscal note(s) _____

SIGNING <u>WITH RECOMMENDATIONS</u>	DP	DNP	NR	AM
<i>Jim Sadden</i>			✓	
<i>Brian Porter</i>	✓			
<i>Tom Kately</i>			✓	
<i>Steve Kett</i>	✓			

CHAIR'S SIGNATURE *Steve Kett*

Alaska State Legislature

Committee Chair
Community & Regional Affairs

Committee Vice-Chair
Labor & Commerce

Committee Membership
Legislative Council



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Session Address:
State Capitol, Room 427
Juneau, AK 99801-1182
(907) 465-2828; fax 465-4779

Senator John Torgerson

SPONSOR STATEMENT SB 160 - Exclusions from Unemployment Coverage

This bill provides for:

- (1) relief for "Mom & Pop" businesses from some of the burden of paperwork regarding employment of their children in the operation of their business;
- (2) relief from unemployment taxes for full time students who are employed by their parent or legal guardian;
- (3) consistency in State law since current statutes provide for exclusion for services performed in the employ of a school, college, or university, if the service is performed by a student who is enrolled and is regularly attending classes at the school, college, or university; (AS 23.20.526(d)(5); and
- (4) fairness in that current statutes require the payment of the tax, but by definition, a full time student is currently not eligible to receive unemployment compensation.

(JT:maj: SB 160: 1/29/96)

Sponsor

Representing the Kenai Peninsula - Senate Seat D

Alaska State Legislature

Committee Chair
Community & Regional Affairs

Committee Vice-Chair
Labor & Commerce

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Senator John Torgerson

SECTIONAL ANALYSIS SB 160am - Exclusions from Unemployment Coverage

Sec. 1: Amends AS 23.20.526(a)(4), Exclusions from Definition of "Employment", as follows:

(A) New subsection to conform with below additions; no revision or amendment to existing language

(B) New language reflecting an exclusion for full time students in the employ of their parent or legal guardian, with certain restrictions regarding "student" status and age;

(C) language revisions to reflect new verbiage in (B) above

Sec. 2: Effective date section.

(JT:maj:SB 160: 01/29/96)

Sectional

(1/29/96)

Sec. 23.20.526. EXCLUSIONS FROM DEFINITION OF "EMPLOYMENT".

(a) In this chapter, unless the context otherwise requires, "employment" does not include

(1) domestic service in a private home, except as provided in AS 23.20.525(a)(15);
(2) newsboys' services in selling or distributing newspapers on the street or from

house to house;

(3) service not in the course of the employing unit's trade or business performed in a calendar quarter by an individual, unless the cash remuneration paid for the service is \$50 or more and the service is performed by an individual who is regularly employed by the employing unit to perform the service; an individual is here considered to be regularly employed to perform service not in the course of an employing unit's trade or business during a calendar quarter only if the individual performs the service for some portion of the day on each of some 24 days during the quarter or during the preceding calendar quarter;

(4) service performed by an individual in the employ of the individual's son, daughter, or spouse, and service performed by a child under the age of 18 in the employ of the child's father or mother;

(5) service with respect to which unemployment insurance is payable under an unemployment insurance program established by an Act of Congress;

(6) service performed in the employ of a foreign government including service as a consular or other officer or employee or a nondiplomatic representative;

(7) service performed in the employ of an instrumentality wholly owned by a foreign government if

(A) the service is of a character similar to that performed in foreign countries by employees of the United States government or its instrumentalities; and

(B) the department finds that the United States Secretary of State has certified to the United States Secretary of the Treasury that the foreign government, with respect to whose instrumentality exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States government and its instrumentalities;

(8) service performed by an insurance agent, insurance solicitor, a real estate broker, a real estate salesman, or a securities salesman to the extent the person is compensated by commission, unless the service is required to be covered under the Federal Unemployment Tax Act as amended;

(9) notwithstanding AS 23.20.525(a)(11), service performed by an officer or member of the crew of an American vessel on or in connection with the vessel, if the operating office, from which the operations of the vessel operating on navigable waters inside or inside and outside the United States are ordinarily and regularly supervised, managed, directed, and controlled, is outside this state;

(10) service performed on or in connection with a vessel not an American vessel by an individual if the individual performed service on and in connection with the vessel when outside the United States;

(11) service performed in the employ of the United States government or an instrumentality of the United States exempt under the Constitution of the United States from the contributions imposed by this chapter, except that to the extent that the Congress of the United States permits states to require an instrumentality of the United States to make payments into an unemployment fund under a state employment security law, all of the provisions of this chapter apply to the instrumentalities, and to service performed for the



Backup

①

instrumentalities in the same manner, to the same extent, and on the same terms as to all other employers, employing units, individuals, and service; however, if this state is not certified for any year by the Secretary of Labor under 26 U.S.C. 3304(c) (Federal Unemployment Tax Act, Internal Revenue Code), the payments required of the instrumentalities with respect to the year shall be refunded by the department from the fund in the same manner and within the same period as is provided in AS 23.20.225 with respect to contributions erroneously collected;

(12) service performed in the employ of another state, or political subdivision of another state, or an instrumentality of another state or political subdivision which is wholly owned by another state or its political subdivision, or a service performed in the employ of an instrumentality of another state or its political subdivisions to the extent that the instrumentality is, with respect to the service, exempt under the Constitution of the United States from the tax imposed by 26 U.S.C. 3301 (Federal Unemployment Tax Act, Internal Revenue Code);

(13) service performed in the employ of an international organization;

(14) service covered by an election approved by the agency charged with the administration of any other state or federal employment security law, in accordance with an arrangement under AS 23.20.090(a) during the effective period of the election;

(15) service performed by an individual in agricultural labor, except as provided in AS 23.20.525(a)(16); the term "agricultural labor" means remunerated service

(A) on a farm, in the employ of any person in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife;

(B) in the employ of the owner or tenant or other operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of the farm and its tools and equipment, or in salvaging timber or clearing land of brush and other debris left by a hurricane, if the major part of the service is performed on a farm;

(C) in connection with the production or harvesting of any commodity defined as an agricultural commodity in 12 U.S.C. 1141j (sec. 15(g), Agricultural Marketing Act), as amended, or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways, not owned or operated for profit, used exclusively for supplying and storing water for farming purposes;

(D) in the employ of the operator of a farm in handling, planting, drying, packing, packaging, processing, freezing, grading, storing or delivering to storage or to market or to a carrier for transportation to market, in its unmanufactured state, any agricultural or horticultural commodity; but only if the operator produced more than one-half of the commodity with respect to which the service is performed except as stated in (b) of this section;

(E) in the employ of a group of operators of farms, or a cooperative organization of which the operators are members, in the performance of service described in (D) of this paragraph, but only if the operators produced more than one-half of the commodity with respect to which the service is performed;

(F) on a farm operated for profit if the service is not in the course of the employer's trade or business;

(16) service performed after December 31, 1971, by nurses, technicians, and other professional employees of hospitals no part of the net earnings of which inures to the benefit of a private shareholder or individual, unless the service is required to be covered under the Federal Unemployment Tax Act;

(17) service performed by an individual on a boat engaged in catching fish or other forms of aquatic animal life under an arrangement with the owner or operator of that boat under which

(A) that individual does not receive any cash remuneration except as provided in (B) of this paragraph;

(B) that individual receives a share of the boat's, or the boats' in the case of a fishing operation involving more than one boat, catch of fish or other forms of aquatic animal life or a share of the proceeds from the sale of that catch; and

(C) the amount of that individual's share depends on the amount of the boat's, or the boats' in the case of a fishing operation involving more than one boat, catch of fish or other forms of aquatic animal life; but only if the operating crew of that boat, or each boat from which the individual receives a share in the case of a fishing operation involving more than one boat, is normally made up of fewer than 10 individuals;

(18) service performed as a prospective or impaneled juror in a court;

(19) service performed for a corporation by an employee of the corporation if

(A) the corporation is incorporated under AS 10.06;

(B) the corporation is not a government corporation; and

(C) the employee is an executive officer of the corporation;

(20) service performed by an individual who drives a taxicab whose compensation and written contractual arrangements are as described in AS 23.10.055(13);

(21) service of an individual who

(A) directly sells or solicits the sale of consumer products, for resale or otherwise, personally to a prospective consumer in the home or otherwise than in a permanent retail establishment; a sale or solicitation by telephone, mail, other telecommunications method, or other nonpersonal method does not satisfy the requirement of this subparagraph;

(B) is compensated solely by

(i) commissions on sales or other remuneration directly related to sales or sales performance; or

(ii) a profit represented by the difference between the wholesale cost of the product to the seller and the final sale price to the consumer; and

(C) performs under a written contract with the person for whom the service is performed that provides, notwithstanding AS 23.20.395(a), that the individual is not an employee for purposes of this chapter or for federal or state tax purposes.

(b) Notwithstanding any other provision of this section, the provisions of (a)(15)(D) and (E) of this section are not applicable to service performed in connection with commercial canning or commercial freezing or in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption.

(c) In (a)(15) of this section, "farm" includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.

(d) For the purposes of AS 23.20.525(a)(4) - (6) and (14), the term "employment" does

not apply to service performed

(1) by a duly ordained, commissioned, or licensed minister of a church in the exercise of the person's ministry or by a member of a religious order in the exercise of duties required by the order;

(2) in a facility conducted for the purpose of carrying out a program of rehabilitation for individuals whose earning capacity is impaired by age or physical or mental deficiency or injury or providing remunerative work for individuals who, because of their impaired physical or mental capacity, cannot be readily absorbed in the competitive labor market by an individual receiving the rehabilitation or remunerative work;

(3) as part of an unemployment work-relief or work-training program assisted or financed in whole or in part by any federal agency or any agency of a state or political subdivision of the state, by an individual receiving work relief or work training;

(4) for a state hospital by an inmate of a prison or correctional institution;

(5) in the employ of a school, college, or university, if the service is performed by a student who is enrolled and is regularly attending classes at the school, college, or university;

(6) by an individual under the age of 22 who is enrolled at a nonprofit or public educational institution which normally maintains a regular faculty and curriculum and normally has a regularly organized body of students in attendance at the place where its educational activities are carried on as a student in a full-time program, taken for credit at the institution, which combines academic instruction with work experience, if the service is an integral part of the program, and the institution has so certified to the employer, except that this paragraph does not apply to service performed in a program established for or on behalf of an employer or group of employers;

(7) in the employ of a hospital, if the service is performed by a patient of the hospital, as defined in AS 23.20.520;

(8) in the employ of the state or a political subdivision of the state if the service is performed by an individual in the exercise of duties

(A) as a "public official" as defined in AS 39.50.200(a), any other elected official, the fiscal analyst of the legislative finance division, the legislative auditor of the legislative audit division, the executive director of the Legislative Affairs Agency, and the directors of the divisions within the Legislative Affairs Agency;

(B) as a member of the Alaska Army National Guard or Alaska Air National Guard or Alaska Naval Militia; or

(C) as an employee serving on only a temporary basis in case of fire, storm, snow, earthquake, flood, or similar emergency;

(9) in the employ of

(A) a church or a convention or association of churches; or

(B) an organization which is operated primarily for religious purposes and which is operated, supervised, controlled, or principally supported by a church or a convention or association of churches.

History -

(sec. 15 ch 106 SLA 1971; am sec. 1 ch 55 SLA 1976; am sec. 19 - 23, 25 ch 122 SLA 1977; am sec. 80 ch 9 SLA 1980; am sec. 3 ch 145 SLA 1980; am sec. 1 ch 91 SLA 1982; am sec. 30 ch 115 SLA 1982; am sec. 14 ch 106 SLA 1984; am sec. 26 ch 100 SLA 1989; am sec. 1 ch 165 SLA 1990; am sec. 36 ch 127 SLA 1992; am sec. 3 ch 13 SLA 1993; am sec. 1 ch 97 SLA 1995)

Revisors Notes -

For conditional repeal of 1977 amendments, see the Revisor's note at AS 23.20.278.

The paragraphs of subsection (a) were renumbered in 1990 to reflect the deletion of repealed paragraphs.

Paragraph (a)(20) enacted as (a)(21). Renumbered in 1993.

Cross References -

For legislative purpose in enacting paragraph (a)(20), see sec. 1, ch. 13, SLA 1993 in the Temporary and Special Acts; for applicability of paragraph (a)(20), see sec. 6, ch. 13, SLA 1993 in the Temporary and Special Acts.

Amendment Notes -

The 1989 amendment, effective June 13, 1989, added paragraph (20) of subsection (a).

The 1990 amendment, effective June 22, 1990, repealed former paragraph (a)(23), which read "service performed as an official at an amateur sports event."

The 1992 amendment, effective January 11, 1993, rewrote subparagraph (d)(8)(A).

The 1993 amendment, effective, May 8, 1993, added paragraph (a)(20).

The 1995 amendment, effective September 27, 1995, added paragraph (a)(21).

History Reports -

For the governor's transmittal letter concerning the repeal of former (a)(23) of this section by sec. 1, ch. 165, SLA 1990 (SB 542), see 1990 Senate Journal, p. 3189.

Collateral Refs -

Who is independent contractor rather than employee within unemployment compensation act. 124 ALR 632.

Test of independent contractor relationship. 124 ALR 1029; 147 ALR 828.

Who is "member of a crew" within meaning of social security and unemployment compensation acts. 161 ALR 842.

Taxicab driver as employee of owner of cab, or independent contractor, within social security and unemployment insurance statutes. 10 ALR2d 369.

Salesman on commission as within act. 29 ALR2d 751.

What constitutes "agricultural" or "farm" labor within social security or unemployment acts. 56 ALR2d 406.

Own projects or activities, right to unemployment compensation of one working on. 65 ALR2d 1182.

Insurance agents or salesmen as within coverage of social security or unemployment compensation acts. 39 ALR3d 872.

Part-time or intermittent workers as covered by or eligible for benefits under state unemployment compensation act. 95 ALR3d 891.

SB

168

FISCAL NOTE

No. 1

Bill version: SB 168

(S) Publish Date: 2/23/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date: February 22, 1996

Department: Commerce and Economic Development

Title: Financial Institutions

BRU: Banking, Securities and Corporations

Component: Banking, Securities and Corporations

Sponsor: Senate Labor and Commerce

Requestor: Senate Finance

COMPONENT SERIAL NO. 1233

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: \$ 0.0

POSITIONS

FULL-TIME					
PART-TIME					
TEMPORARY					

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Willis F. Kirkpatrick, Director
Division: Banking, Securities and Corporations

Phone: 465-2521

Date: 2-22-96

Approved by Commissioner: William L. Hensley
Agency: Commerce and Economic Development

Date: 2-22-96

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STATE OF ALASKA

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March 20, 1996

The Honorable Pete Kott, Chairman
House Labor & Commerce Committee
Alaska House of Representatives
Juneau, AK 99801-1182

Dear Representative Kott:

Re: SB 168, "An Act relating to financial institutions"

This bill is offered as a technical response to federal Congress action. During 1994, the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (Act) was passed. The Act preempts the right of states to prevent interstate banking; leaves to the states the right to impose limited condition upon interstate banking acquisition; grants to national banks the right to branch across state lines subject to state permission; and other limiting conditions on other banking provisions.

Two years ago, when the Alaska Banking Code was recodified, many of these federal Congressional actions were anticipated and included in our legislation. We find, however, that there are three areas that need to be addressed: 1) allowing agency powers between banks across state lines; 2) limit concentration of banking in Alaska by acquisition from banks outside the state; and 3) allow the sharing of effort and information between jurisdictions and regulatory agencies in the regulation of banks across state lines.

There is a time sensitive problem. The Act provides that the states must pass their state laws prior to 1997 to avoid preemption. While federal preemption may not be a disaster, it would place most of our banks in a second class status with competitive financial institutions in the Pacific Northwest and much of the nation.

None of the three components are onerous to anyone. In fact, the first two provide assurance of competition.

Section 1. Provides agency powers for banks in Alaska. It is important for our community banks to have agency powers to compete with any large institution that could enter their market. This means a local bank could become an agent for a bank outside the State of Alaska for certain services that they, on their own, could not provide. Alaska had some experience with this idea in the early 1980's when Alaska Bank of Commerce became a franchise of First Interstate Bank.

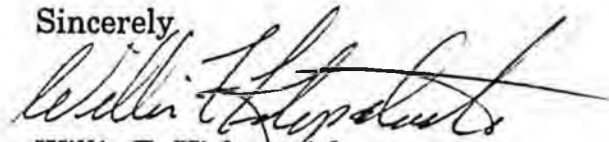
Section 2. This section limits the amount of insured deposits in the state that an out-of-state bank can acquire through purchase or merger. The limit of 50 percent was debated and arrived at by the Alaska Bankers Association. This protects any one institution from coming into Alaska and acquiring over 50 percent of the states insured deposits. To put this into perspective, I believe NBA has 20 to 30 percent of the insured deposits.

Section 3. Defines "depository institution."

Section 4. This section allows the department to share regulatory information and effort across state lines to other states and federal jurisdictions. This is becoming more and more essential in the regulation and supervision of financial institutions when interstate "branching" became a reality. It may be necessary for the State of Washington to ask Alaska examiners to determine the loan quality of a branch in Alaska, of a Washington bank. There may come a time where it would be essential for Alaska to ask a Washington examiner to determine the loan quality of a branch in Washington, of an Alaskan bank. Local examiners know local economy and borrower risks. It is also essential that there be an open follow of communication concerning status of affiliated banks and branches located across jurisdictional lines.

While we have been far ahead of the rest of the nation in interstate banking and branching, we do need to address these three remaining components within the federal law. Without action prior to the end of this session (by 1997), the preemptive provisions of the Riegle-Neal Act become effective. I would be pleased to respond to any questions you may have.

Sincerely,



Willis F. Kirkpatrick
Director

WFK/KP/go445.bsc
032096a

cc: House Labor & Commerce Committee

SB 168
AN ACT RELATING TO FINANCIAL INSTITUTIONS

- The purpose of SB 168 is to respond to the Riegle-Neal Interstate Banking and Branching Act of 1994 (Riegle-Neal Act).
- Congress gave states, 2 years, by 1997, to pass state laws allowing each state to determine their own destiny in **interstate banking and branching**. If a state chose not to take action by 1997 the Riegle-Neal Act would then preempt state Law.
- Alaska legislature was forward thinking.
In 1982 interstate **banking** was permitted
In 1994 legislation provided for interstate **branching**
- There are 3 areas that needs to be addressed to prevent the Riegle-Neal Act from placing Alaska at a disadvantage.
 1. Agency powers to maintain competitive parity with out of state institutions entering Alaska market
 2. **Limit on concentration** of insured deposits an institution can acquire in purchasing banks entering Alaska. Limit to be no more than 50%
 3. The ability of the state to share with other state and federal regulators on **regulatory information** and effort when our institutions cross state lines.
- Alaska must take action this session to avoid being preempted by congressional action. (Riegle-Neal Act)
- The provisions of SB168 was a combined and joint effort by all Alaskan banks, the Department of Commerce & Economic Development's Division of Banking and CSBS, an association of state bank regulators.

SECTIONAL COMMENTS

Sec. 1

Provides for agency powers for Alaska banks. This is important so that our community banks could enter into agency agreements with banks out of state in order to compete with out of state banks or branches moving into their market, with services imported into the competing market.

Sec. 2

Limits the amount of deposits an out of state bank can control when entering Alaska by acquiring banks or bank branches. The limit is no more than 50% control of Alaska deposits. The department can waive this restriction in cases such as bank failures.

Sec. 3

“Depository institution” is defined and “financial institution” from out side the state (both state and federal charters) are included under the paragraph.

Sec. 4

Provides for the sharing of information and examination of institutions across state lines with other state and federal agencies. This is necessary for the chartering jurisdiction to assure safety and soundness of institutions (branches) located in other states.

While Alaska has been far ahead of the rest of the nation in interstate banking and branching, we do need to address these three components within the Riegle-Neal Act. Without action by the end of this session, the preemptive provision of the Riegle-Neal Act become effective.

SB

178



Health Insurance Association of America

SMALL GROUP ENACTMENTS

STATE COMPARATIVE CHART

MAY 1995

State Affairs/Legal

Chris Petersen,
Vice President of State Affairs/Legal
Gregory Barranco, Legislative Analyst
202/223-7780



Health Insurance Association of America

SMALL EMPLOYER ENACTMENTS

	ALASKA	ARIZONA
Availability	Guaranteed issue. Director may promulgate regulations to require insurers after July 1, 1993 to reissue plans that small employers had terminated after January 1, 1993. §21.56.190 (1993 SB 173)	Guaranteed offer of basic plan (beginning 7/1/96 group size is 25-40, beginning 7/1/96 group size is 3-40 lives) §20-2304-A
Group Size	2-25 §21.56.250(23)	3-40 §20-2301(10)
Individual Policies	Individual policies sold to small employers meeting certain requirements are subject to this Act. §21.56.110	Does not apply to any policy that is issued on an individual basis. §20-2302(B) May request health screening and underwriting information to be used to set rates, but not to deny coverage. §20-2304-D
Case Characteristics	Age, sex, industry, geographic area family composition and group size. Others need director approval. May not use claim experience, health status, and duration of coverage. §21.56.120	Does not include claims experience, health status, industry or duration of coverage. §20-2301(2)
Rating Restrictions	Premium rates for small employer plans with similar case characteristics for similar coverage may not vary from the index rate by more than 35%. §21.56.120	Premium rates may not vary by more than 60% from the index rate for plans with similar coverage, family size and composition and geographic area. Plans making adjustments for demographic characteristics shall apply them consistently across all employers. Prohibits using geographic areas smaller than a county or an area that includes all areas in which the first three digits of the zip code are identical, whichever is smaller. §20-2311
Transitional Period	3 years §21.56.120 amended by §10	
Renewal Rating	Trend plus 15% plus changes in case characteristics. §21.56.120	Trend plus 15% plus any adjustment in case characteristics. §20-2311(C)
Renewability	Guaranteed renewable except "for cause." §21.56.130	Guaranteed renewable except "for cause" §20-2309
Whole Groups	Must cover whole group. §21.56.150(6)	Carriers are required to take the whole group. No regard given to health status or insurability. §20-2307, 2308
Continuity of Coverage	Preexisting condition limitation of 12 months relating to conditions 6 months before coverage. Waiting periods must be waived for the period of time an individual was previously covered if that coverage was continuous 90 days before effective date of new coverage. The period of continuous coverage may not include a waiting period for the effective date of coverage applied. §21.56.150(2)	Preexisting condition limitation of 12 months; credit of one month for each month of continuous coverage for 60 days under another plan prior to new coverage. §20-2310 Plans that provide open enrollment period of at least 30 days may impose up to one year waiting period for late enrollees. §20-2307.
Reinsurance type	Prospective. Membership a condition of doing health insurance business. §21.56.010	Prospective/with opt out §20-2345
Reinsurance Price	Whole Groups: 150% Individual: 500% §21.56.050	Whole group: 150% Individual: 500% §20-2350
Cost Sharing	Association may not reimburse a reinsuring insurer until insurer has paid an initial level of \$5000 per year. §21.56.050	\$5000 plus 10% of the next \$50,000 and a cap of \$10,000 per year. §20-2349
Assessments	Board shall determine. Insurers may not have an assessment share less than 50% or more than 150% of the proportion of total premiums earned the preceding year from small group plans. Assessments above 5% of total premiums will be evaluated §21.56.050	Board shall determine. §20-2351
Other	Repealer on 7/1/98 §12 Prohibits cost shifting of the program to other insureds or the state. §21.56.040	All insurers must be licensed as "Accountable Health Plans" by 7/1/96. Delivery of all health benefits through preferred provider networks required to be phased in beginning 1996. §20-2355

	ARKANSAS	CALIFORNIA
Availability		Guaranteed issue of small employer products (group size 5-50 by 7/1/93; 4-50 by 7/1/95) (1192 HB 1672)
Group Size	1-25 §23-86-202	3-50 (by 7/1/95) §10700(x)
Individual Policies	Does not apply to individual policies which are subject to policy form and premium rate approval. §23-86-203	Individual policies sold to small employers meeting certain requirements are subject to this Act. §10702
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. §23-86-202	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)
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%. §7204(a). 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%. §23-86-204	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
Transitional Period	5 years §23-86-204	See above
Renewal Rating	Trend plus 15% plus changes in case characteristics. §23-86-204	10% permitted for risk adjustment factors; renewal rates are effective for at least six months. §10714(b)1(2)
Renewability	Guaranteed renewable except "for cause." §23-86-205	Guaranteed renewable except "for cause" §10705(b), 10713
Whole Groups		Carriers are required to take the whole group. §10707
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 180-day period allowed for continuity of coverage. §10706, 10708(a,b), 10709(a); §10198.7
Reinsurance type		Prospective/with opt out §10719, 10720(d)
Reinsurance Price		No provision
Cost Sharing		No provision
Assessments		No cap §10721
Other		Establishes a purchasing pool for small employers §10730 Guaranty Association - only need one member
Effective Date	January 1, 1992	July 1, 1993, but see phase-in effective dates above

	COLORADO	CONNECTICUT
Availability	Guaranteed issue for standard and basic plans (HB 94-1210) §10-16-108.5	Guaranteed issue §38a-552, 5682(b) (*1992 SB 419 changes)
Group Size	1-50 §10-16-102 (6)	1-50 §38a-564(4) (1-25 for rating restrictions until July 1, 1995)
Individual Policies	Does not apply to individual policies. §10-8-101(6)	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	After Jan. 1, 1995 characteristics are limited to age bands (dependent children up to 19 years or 24 if a student; adults in five year intervals), geography, family size. Does not include claim experience, health status and duration of coverage. § 10-6-102 (10)	Appears to include everything except claims experience, duration of coverage and health status. §38a-564(27)
Rating Restrictions	Rates based on a single, same index rate, adjusted for case characteristics and coverage; Rate adjustment factors based on claims experience; between 1/1/95 and 1/1/97 adjustment factor must be between 0.8 and 1.20. Before 1/1/95 adjustment factor cannot be more than previous year's factor plus 10% After 1/1/98 no adjustment factor. §10-16-105(8)	Premium rates may not exceed 200% of the base premium rate for the same or similar case characteristics for plans issued on or after 7/1/90 and prior to 10/1/92 and beginning 7/1/95 plans issued prior to 7/1/90. Rates may not exceed 150% of the base premium rate for plans issued on or after 10/1/92, and beginning 10/1/97, plans issued prior to 10/1/92.* §38a-567(5)
Transitional Period		5 years; after July 1, 1995, rating restrictions will be applied to plans issued prior to July 1, 1990 §38a-567(5)
Renewal Rating	Policies issued before 1/1/95 and renewed after 1/1/96 factor between 0.8 and 1.20; After 1/1/97 factor between 0.90 and 1.10. §10-16-105(8)	Trend plus 15% plus changes in case characteristics.* §38a-567(6)
Renewability	Guaranteed renewable except "for cause." §10-8-116.5	Guaranteed renewable except "for cause" §38a-567(3)
Whole Groups	Carriers are required to take all eligible employees of the group. §10-16-105(7.5)	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 six months; May exclude preexisting condition for 12 months. Waiting period not greater than ninety days may be used in lieu of preex limitations. Late enrollees may be excluded for up to 12 months; preexisting condition exclusion up to 18 months §10-16-118	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, except a carrier may limit the credit for a person enrolled commencing before 8/1/92 to prior coverage as a resident of CT. §38a-567(1,2)
Reinsurance type	Formula and reinsurance rates to be determined by Board, approved by commissioner. §10-8-605	Prospective/mandatory (effective 5/1/91) §38a-569
Reinsurance Price		Whole Group: 150% Individual: 500% §38a-569(c)
Cost Sharing		\$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		(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 year. §38a-569 e(2)
Other		
Effective Date	July 1, 1994	July 1, 1990

	DELAWARE	FLORIDA
Availability	Guaranteed issue (groups of 2-25) §7207(a)3	Guaranteed issue of standard and basic plans with cap (group size 3-25) §627.6699(3)r, (5)a
Group Size	1-50 §7202(29) (SBN 365 - 1994)	1-25 §627.4106(2)a (Jan. 1, 1994 changes to 1-50)
Individual Policies	Applies to any health benefit plan provided by a small employer which provides coverage to the employees of such small employer in this state. §7203	Generally applies to individual policies sold to small employers. Regarding 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(4) (Applies to individuals 4/94)
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, 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)e (1/1/94 rating factors are age, gender, family comp., tobacco usage and geography)
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 Expires 1/1/94.
Transitional Period	For plans delivered or issued for delivery prior to the effective date of this chapter, premium rate may have a 1 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(a)	Carriers must offer coverage to all eligible employees and dependents §627.6699(5)e(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 with 6 month lookback; 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)e(1)(2)
Reinsur. type	Prospective/with an opt-out §7210	Prospective/with an opt-out §627.6699(8)
Reinsurance Price	Whole Group: 150% Individual: 500% §7210(i)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)3c	\$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(3)c	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(i)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)

	GEORGIA
Availability	
Group Size	1-50 (not applicable to true associations) §33-27-8(a)
Individual Policies	Silent
Case Characteristics	Age, sex, area, industry, occupation and avocational factors may be considered. "Duration since issue and their factors may not be considered." §33-27-8(d)
Rating Restrictions	The claims experience produced by small groups covered under "group life" insurance for each insurer shall be fully pooled for rating purposes. The claims experience provided by any individual small group shall not be used in any manner for rating purposes §33-27-8(b), but see §33-27-8(d) which states that notwithstanding subsection (b) the total premium calculated for any small group may deviate from the pool rate by not more than + or - 25% based upon individual small group experience factors. §33-27-8(d)
Transitional Period	Silent
Renewal Rating	Substandard rating shall not be used for renewability purposes. §33-27-8(d)
Renewability	Guaranteed renewable except for cause. §33-24-56
Whole Groups	
Continuity of Coverage	
Reinsurance type	
Reinsurance Price	
Cost Sharing	
Assessments	
Other	
Effective Date	October 1, 1990

	HAWAII	IDAHO
Availability	State run, employment based program; all residents are eligible	Guaranteed issue of standard and basic plan (2-49). §41-4708(c)
Group Size	No provision	1-49 §41-4703(28)
Individual Policies	No provision	Does apply to individual policies. §41-4704
Case Characteristics	No provision	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. Carriers shall not use case characteristics, other than age or gender, without prior approval of the director. §41-4703(8).
Rating Restrictions	No provision	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%. Tobacco usage may be used as a rating factor. §41-4706
Transitional Period	No provision	3 years §41-4706(f)
Renewal Rating	No provision	Trend plus 15% plus changes in case characteristics §41-4706(c)
Renewability	No provision	Guaranteed renewable except "for cause" §41-4707
Whole Groups	No provision	Carriers are required to take the whole group. §41-4708(3)e
Continuity of Coverage	No provision	Preexisting condition limitation of 12 months; Full credit given if a person was covered under qualifying previous coverage if that coverage was continuous 30 days prior to the new coverage, exclusive of applicable waiting periods §41-4708(3)
Reinsurance Type	No provision	Prospective/with an opt-out §41-4709
Reinsurance Price	No provision	Whole Group: 150% Individual: 500% §41-4711(10)b
Cost Sharing	No provision	\$5,000 plus 10% of the next \$50,000 of incurred claims during a calendar year. §41-4711(9)
Assessments	No provision	Determined by Board. §41-4711(12)e
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, 1993

	ILLINOIS
Availability	Silent
Group Size	3-25 §10 (SBN 830, 1993)
Individual Policies	Does not include individual §10
Case Characteristics	Relevant demographic, geographic or other objective characteristics of a small employer in the determination of premiums. Claim experience, health status and duration of coverage are not characteristics. §10
Rating Restrictions	Index rate for a rating period for any class of business shall not exceed the index rate of any other class of business by more than 20%. Premium rates for small employer plans with similar case characteristics may not vary from the index rate by more than 25%. §30
Transitional Period	silent
Renewal Rating	15% annually. §30(A)(3)(b)
Renewability	Guaranteed renewable except for "cause." §35
Whole Groups	Insurers are required to offer coverage to the entire group. §20(c)
Continuity of Coverage	Preexisting condition limitation of 12 months. Portability of coverage to the extent a person was covered under a prior employer-based plan if not a late enrollee and prior coverage was continued exclusive of any applicable waiting period. §20A
Reinsurance Type	Silent
Reinsurance Price	Whole Group: Silent Individual: Silent
Cost Sharing	Silent
Assessments	Silent
Other	The director may adopt and promulgate rules and regulations to carry out provisions of the Small Employer Rating, Renewability and Portability Health Insurance Act. §55
Effective Date	January 1, 1994

	INDIANA	IOWA
Availability		Guaranteed issue §513(B)10
Group Size	3-50 IC 27-8-15(14)	1-50; however, must have at least 2 participating employees at the date of issue of health benefit plan §513B.2
Individual Policies	Does not apply to individual policies. IC 27-8-15(2)	Does apply to individual policies which are subject to policy form and premium rate approval. §513B.3
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. IC 27-8-15(6)	Include age, 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 shall to be actuarially justified; other case characteristics shall not be used without prior approval of commissioner. §513B.4(2)
Rating Restrictions	For a small employer business, the premium rates charged small employers with similar case characteristics for the same or similar benefit design characteristics may not vary from the midpoint rate by more than .55%. IC 27-8-15(16)(1)	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	5 years IC 27-8-15(16)(3)	3 years §513B.4
Renewal Rating	Trend plus 15% plus changes in case characteristics. IC 27-8-15(16)(2)	Trend plus 15% plus changes in case characteristics. §513B.4
Renewability	Guaranteed renewable except "for cause." IC 27-8-15(19)	Guaranteed renewable except "for cause." §513B.5
Whole Groups		Must offer to whole group, except as permitted with regard to late enrollees. §513B.7A(3)e
Continuity of Coverage	Preexisting condition limitation of no more than 9 months. Must waive exclusion period for preexisting conditions for time employee was previously covered by a plan to a date not more than 30 days before effective date. Preexisting exclusions limited to 15 days for late enrollees. §27-8-15(27) et seq. (effective 1/1/96) Continuing coverage for at least 90 days. IC 27-8-15(31.1)	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. May impose waiting period of no longer than 60 days for new entrants. §513B.7A(3)3
Reinsurance type		Prospective with an opt-out §513B.7(D)
Reinsurance Price		Whole Group: 150% Individual: 500% §513B.7(D)9(b)
Cost Sharing		\$5,000 and 10% of the next \$50,000 of incurred claims during a calendar year; liability maximum of \$10,000 in any one calendar year with respect to any reinsured individual. §513B.7(D)8(D)
Assessments		Formula to be set by Board but must be 50%-150% of carrier's proportional share of all reinsuring carriers' small employer premiums; amount shall be 5% of total premiums earned in previous year from small employer plans. §513B.7(D)11(2)
Other		
Effective Date	June 30, 1992	July 1, 1992

	KENTUCKY
Availability	Guaranteed issue SBN 250 §54(1)
Group Size	No provision
Individual Policies	Applies to individual policies. §55
Case Characteristics	Modified community rating for state alliance plans, individual plans and groups with less than 100. Factors permitted include age (limited to 300%), geography, family composition, benefit design, and limited discount for healthy lifestyle. §55(1)
Rating Restrictions	No provision
Transitional Period	No provision
Renewal Rating	No provision
Renewability	"Guaranteed renewable except for "cause." (Regulation 806. 18:030)
Whole Groups	No provision
Continuity of Coverage	Pre-existing condition limitation of 6 months; applies only to conditions arising during prior six months. Credit given for prior health coverage if there was no lapse more than 60 days. §54(2)
Reinsurance type	No provision
Reinsurance Price	No provision
Cost Sharing	No provision
Assessments	Risk adjustment process shall be set by Board to reflect demographic and medical risk characteristics. §56
Other	After 7/15/95 only five Board approved plans may be offered in the state (approved supplemental plans may also be offered).§59 Plans must include cost containment features. Any willing provider §54(3);
Effective Date	July 15, 1995

	KANSAS	LOUISIANA
Availability	Guaranteed issue (group size: 3-25) (1992 SB 561) §4(b), 12(a)	Silent
Group Size	1-50 §3(z)	3-35 for employer groups §22:228.1; Family groups of 1 or more persons §22:215.A(2)(a)
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(a), 4(a)3(e)	Silent
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)	Modified community rating. Age, gender, industry, geographic area, family composition, group size, tobacco usage, plan benefits and other approved factors may be used in determination of premiums. Claims experience, health status, and duration of coverage must be phased out at the first renewal after 1/1/94 (individually underwritten, guaranteed renewable limited benefit or supplemental policies exempted). §22:228.6
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)	Index rate for one class of business shall not vary from the index rate for any other class of business by more than plus or minus 20% after 1/1/94. After 1/1/96, may not vary by more than 10%. 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%. §22:228.6(8) May not increase premium rates during first 12 months of coverage or more than once in any 6 month period 22.229
Transitional Period	3 years §7(6)	3 years (until 1/1/94) §22:228.1
Renewal Rating	Trend plus 15% plus changes in case characteristics §7(3)(b)	Trend plus 15% plus changes in case characteristics. §22:228.2
Renewability	Guaranteed renewable except "for cause" §5(c)	Guaranteed renewable except "for cause." §22:228.3
Whole Groups	Prohibits carrier from excluding any employee or dependent on the basis of an actual or expected health condition §5(c)6(e)	May not impose a preexisting condition limitation greater than 12 months. R.S. 215.12. Credit given for previous coverage if coverage was continuous to a date not more than 60 days prior to new coverage, exclusive of any waiting periods. R.S. 215.12.
Continuity of Coverage	Preexisting condition limitations of 90 days and waiting periods not to exceed 90 days; 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 §6(a)(b)	
Reinsurance Type	Prospective/with an opt-out §11(a)	
Reinsurance Price	To be established by the reinsurance board §13(g)6	
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(j)	
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)	
Other	Must reinsure the entire group; all carriers, whether reinsuring or not, subject to second tier assessment §11(k)2(b)	
Effective Date	July 1, 1992	January 1, 1994

	MAINE	MARYLAND
Availability	Guaranteed issue of standard and basic plans. (1992 HP 507) §2808-B 4(A)	Guaranteed issue all plans. Carriers must have annual 30-day open-enrollment period for self-employed individuals. §704(A and B))
Group Size	1-24 §2808-B 1(D)	2-50 (3-50 until 1/1/95 if carrier does not impose pre-existing conditions.) §698(P)
Individual Policies	All policies, plans, contracts and certificates issued are subject to this section. §2808-B(7)	Could apply in the future as well as to larger groups if statutory trigger is met.
Case Characteristics	A carrier may not vary the premium rate due to the gender, health status, claims experience or policy duration of the eligible group; age, industry, smoking status 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)	Carriers may only adjust the community rates for age and geography. Geography is based on the Baltimore metropolitan area; the DC metropolitan area; Western Maryland and Eastern and Southern Maryland. §702(A)
Rating Restrictions	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, and +/- 20% of the community rate after 7/14/95. §2808-B 2(D)	Carriers may charge 50% above or below the community rate between 7/1/94 and 6/30/95; 40% between 7/1/95 and 6/30/96; 33% between 7/1/96 and 6/30/97; and 16% after 7/1/97. §702(B)
Transitional Period	None	No provision.
Renewal Rating	No provision	No provision.
Renewability	Guaranteed renewable except "for cause" §2808-B (4)B	Guaranteed renewable except "for cause" for all plans §705
Whole Groups	(1990 - applies to <u>all</u> 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	Carriers are required to take the whole group. §704(B)
Continuity of Coverage	(1990 - applies to <u>all</u> 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; No preexisting condition waiting period for more than 12 months; Exclusions may only relate to conditions manifested during 12 mos. immediately preceding effective date of new coverage or pregnancy §2850(2) Late enrollees cannot be excluded for more than 6 mos. §2347(1)	Until 12/31/94, preexisting condition limitation of 6 months, after that date - none; credit given if previous coverage was continuous 60 days prior to the new coverage. Late enrollees may be subject to 12 month limitation. §701(a) Late enrollees waiting periods not to exceed 12 months or enrollee has the option to wait for the next open enrollment period which may not exceed a 12-month period. §701(b) May impose up to a 90 day waiting period or surcharge not to exceed 150% of community rate for one year. §701(c)
Reinsurance Type	Prospective with out put §2808-B	Prospective/with an opt-out. §706
Reinsurance Price	No provision	Whole Group: 150% Individual: 500% §709(B)
Cost Sharing	No provision	\$5,000 plus 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 §709(A)5
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 premiums; maximum amount shall be 5% of total premiums earned in previous year from small employer plans §709(D)
Other	Marketing standards; superintendent will develop standardized plans §2808-B (6)	Loss ratio 75% and expense ratio 20% or commissioner may require the insurer or HMO to file new rates. §712
Effective Date	July 15, 1993 (for rating and guaranteed issue)	July 1, 1993 (some provisions effective 7/1/94)

	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)1	Guaranteed issue of all products sold in small employer market (1992 HB 2800, SB 2603) §3 subd. 1, 4 subd. 1
Group Size	1-25 §1	2-49 §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(i)(ii)
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. 4
Rating Restrictions	Premium rates are limited to a 2-1 rate band; however, the following adjustments are permitted inside 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

	MISSISSIPPI
Availability	
Group Size	1-35 §83-63-5(m)
Individual Policies	Subject to law if any portion of premiums or benefits is paid by employer. §83-63-1
Case Characteristics	Demographics and other objective characteristics; Claims experience, health status and duration of coverage are not case characteristics. §83-63-3(d)
Rating Restrictions	Rate may not vary by more than +/- 25% of index rate for any class of business with similar case characteristics §83-63-7(1)
Transitional Period	3 years §83-63-7(e)
Renewal Rating	Trend plus 15% changes in case characteristics §83-63-7(c)
Renewability	Guaranteed renewable except for cause. §83-63-11
Whole Groups	
Continuity of Coverage	
Reinsurance Type	
Reinsurance Price	
Cost Sharing	
Assessments	
Other	
Effective Date	

	MISSOURI	MONTANA
Availability	Guaranteed issue of basic and standard plans (1992 SB 796) §6	Guaranteed issue of standard and basic plans. §29 (1995 HB 466)
Group Size	3-25 §1(28)	3-25 §24(25)
Individual Policies	Generally applies to individual policies sold to small employers. Sections 1-12 shall not apply to any plan when employees pay the total cost of the plan. §2(1)(2)(3),3	Individual policies sold to small employers meeting certain requirements are subject to this Act. §25
Case Characteristics	May use age, sex, industry, geography, family composition, and group size without prior approval of director; claims experience, health status, and duration of coverage are not case characteristics. §379.936.1(10)	Relevant characteristics of small employer as determined by carrier in determination of premiums; claims experience, health status, gender and duration of coverage are not case characteristics. §24(8)
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)	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%. If the MT health care authority certifies to the commissioner that the cost containment goal is met before 1/1/99, the premium rates charged to small employers with similar case characteristics for the same or similar coverage may not vary from the index rate by more than 20%. §27
Transitional Period	3 years §4(3)b	
Renewal Rating	Trend plus 15% plus changes in case characteristics §4(3)b	Trend plus 15% plus changes in case characteristics. §27c
Renewability	Guaranteed renewable except "for cause." §5	Guaranteed renewable except "for cause" §28
Whole Groups	Insurer must cover the whole group §6(5)a	Must cover whole group §29
Continuity of Coverage	Preexisting condition limitation of 12 months with 6 month lookback; 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. Permits 18 month preexisting condition limitation for late entrants. §6(2)1(2)	Preexisting condition exclusion of 12 months; waiting periods may be waived if individual was covered by a group policy prior to the effective date of coverage if previous coverage was continuous for 30 days prior to new coverage; permits 18 month preexisting condition limitation for late entrants. §29
Reinsurance Type	Prospective/mandatory with an opt-out after three years §7(1)	Prospective with opt out. §30
Reinsurance Price	Whole Group: 150% §7(9)2	Whole Groups: 150% Individual: 500% §30
Cost Sharing	\$5,000 plus 10% of the remaining incurred claims; maximum limit of \$25,000 §7(8)3	\$5,000, plus 20% of the next \$100,000, with a maximum limit of \$25,000 per year, per individual. §30
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	The board shall determine prior to March 1 each year. Formula requires each carrier to pay a fraction of the total assessment. §33-22-1819(8)
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	Guaranteed issue and continuity of coverage provision effective July 1, 1994; all other sections effective July 1, 1993.	January 1, 1994 §30-34; July 1, 1993; October 1, 1995

	NEVADA
Availability	Limited open enrollment. §689C-19 (AB 299, 1995)
Group Size	2-25 §689C-10
Individual Policies	
Case Characteristics	May not use characteristics other than age, sex, industry (limited), geography, family composition or group size without prior approval of commissioner; may not use claim experience, health status or duration of coverage. §689C-14 and 21.
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 case characteristics shall not vary from the index rate by more than 25%. §689C-22.
Transitional Period	Three year transition period. §689C-20(3)
Renewal Rating	Trend plus 15% plus changes in case characteristics. §689C-20
Renewability	Guaranteed renewable except for cause. §689C-29
Whole Groups	Carriers must offer coverage to whole group. §689C-18
Continuity of Coverage	Preexisting condition limitation of 6 months if enrolled during open enrollment or for late enrollees. 12 month waiting period for employees who miss open enrollment period. Credit given for continuous coverage up to 90 days prior to effective date.. §689C-18
Reinsurance Type	
Reinsurance Price	
Cost Sharing	
Assessments	
Other	
Effective Date	Most sections effective January 1, 1996.

	NEBRASKA	NEW HAMPSHIRE
Availability	Guaranteed issue of standard and basic plans, but with cap of \$1 million. LBN 1222 §38(4)	Guaranteed issue §420-G:4(c) Carriers may require up to 75% of eligible employees to qualify §420-G(III) (1994 SB 711)
Group Size	3-25 LBN 1222 §31	1-100 §420-G:3(1)
Individual Policies	Does not apply to individual policies which are subject to policy form and premium rate approval. Individual policies issued prior to 1/1/95 under certain circumstances. LBN 1222 §34(2)	Applies to individual health insurance policies §420-G:(II)
Case Characteristics	Age, gender, industry, geographic area, family composition and group size. Others may be used with prior approval of director. Claims experience, health status, and duration of coverage are not case characteristics. LBN 1222 §36(j)	Gender, geography, occupation, claims experience, health status, and duration of coverage are not case characteristics §420-G:4
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%. LBN 1222 §36	Community rating based on monthly or quarterly average for each membership type - may modify only for age brackets. First year maximum differential is 4 to 1; second and subsequent years, 3 to 1. §420-G:4
Transitional Period	3 years LBN 1222 §36(g)	
Renewal Rating	Trend plus 15% plus changes in case characteristics. LBN 419 §24	May not be increased by more than 25% from preceding year. §420-G:4
Renewability	Guaranteed renewable except "for cause." LBN 1222 §37	Guaranteed renewable except "for cause" §420-G:4(1)(c)(4)
Whole Groups	Carriers must offer coverage to whole group. §44-5260(3)(e)	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 90 days prior to the new coverage, exclusive of applicable waiting periods. LBN 1222 §38(3)	Preexisting conditions waiting period allowed up to 3 months, condition exclusions up to 9 months; credit given for previous coverage whether insured or self-insured; lack of coverage during period of unemployment will also be disregarded; late enrollees must wait for next open enrollment period G:4(II)
Reinsurance Type	Prospective with opt out. LBN 1222 §39	No provision
Reinsurance Price	Whole Group: 150% Individual: 500% LBN 1222 §39(9)(b)	No provision
Cost Sharing	\$5,000 plus 10% of the next \$50,000 up to \$10,000 in calendar year LBN 1222 §39(8)(d)	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. LBN 1222 §39(11)	No provision
Other	Standard and Basic health plans required LBN 1222 §38	High Risk Pools prohibited §420-G:41(c)(3) Requires acceptance of electronic claims submitted in HCFA format. §420-G:4 VI
Effective Date	April 16, 1994; (amended by LB837, 1995)	January 1, 1995

	NEW JERSEY	NEW MEXICO
Availability	Continuous open enrollment; guaranteed issue of five "standard" plans or HMO variation §17B:27A-19	Silent
Group Size	2-49 §17B:27A-17	2-50 §59A-23C-3.K
Individual Policies	Applies to all health benefit plans covering 2 or more eligible employees of one or more small employers §17B:27A-18	Does not apply to individual policies which are subject to policy form and premium rate approval. §59A-23C-4.B
Case Characteristics	Community rating; prohibits the use of age, gender, health status, residence or occupation with community rating. §17B:27A-17	Until 7/1/98, case characteristics include age, gender, geography and smoking; however, claims experience, health status or duration of coverage may not be used; After 7/1/98, the only factor allowed will be age (+/- 19) §59A-23C-5.1
Rating Restrictions	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%. §17B:27A-25(a)	Index rate for one class of business shall not exceed the index rate for any other class of business by more than 15%. 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% of the index rate. §59A-23C-5
Transitional Period	3 years §17B:27A-25(a)	5 years §59A-23C-5.6
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%. §17B:27A-25(g).	Trend plus 10% plus changes in case characteristics. §59A-23C-5.A(3)
Renewability	Guaranteed renewable except "for cause." §17B:27A-23.	Guaranteed renewable except "for cause." §59A-23C-6
Whole Groups	Must offer coverage to all employees and their dependents. Cannot exclude based on actual or expected health condition. §17B:27A-18	Must cover whole group. (HB 236, 1995)
Continuity of Coverage	Generally no preexisting condition limitations. Preex 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 90 days prior to the new coverage, exclusive of applicable waiting periods. §17B:27A-22	Preexisting condition limitation of six months §59A-23C-7.1
Reinsurance Type	Prospective §17B:27A-35	
Reinsurance Price	Each carrier's assessment calculated by multiplying the total assessment amount by the ratio of the carrier's earned premiums to the total earned premiums for all reinsuring carriers. NJAC 11:21-2.9(c)(1) Reinsuring carrier's assessments exceeding 4% of earned premiums will be apportioned to all small employer carriers based on their share of earned premiums. NJAC 11:21-2.9(c)(5)	
Cost Sharing	Reimbursement to be determined by the standards developed by the board §17B:27A-36(a)	
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. Credit given to carriers paying 2nd tier assessments. §17B:27A-37	
Other	Requires all small employer carriers to offer 5 standard plans. §17B:27A-18. MEWAs must register with NJ Small Employer Health Excess Benefits Program, and must offer one or more of the standard plans; must conform to rating restrictions, guarantee issue, and guarantee renewability provisions. §17B:27A-48	
Effective Date	January 1, 1994	January 1, 1995

	NEW YORK	NORTH CAROLINA
Availability	Continuous open enrollment (guaranteed issue) (1992 A 12350-A) §3231	Guaranteed issue §143-629 (1993 HB 729, Chapter 529)
Group Size	3-50 for open enrollment §3231	2-49 §58-50-110(22)
Individual Policies	Must be community rated and must be offered through open enrollment §3231	Applies to individual health policies (only self-employed) §143-623
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)	Adjusted community rating methodology allowing the premium to vary on the basis of the eligible employee's or dependent's age, gender, number of family members covered or geographic area. Rating factors related to age, gender, number of family members covered or geographic location may be developed by each carrier to reflect carrier's experience. No age brackets of less than 5 yrs. May not apply different geographic rating factors to the rates of small employers located within the same county. §58-50-130
Rating Restrictions	No statutory restrictions on permitted case characteristics, but Department has rate approval authority for initial rates: §3231(c)(e)	May not modify the rate for a small employer for 12 months from the initial issue date or renewal date, unless the composition of the group changed by 20% or more or benefits are changed. Community rating index line adjusted pro rata for a period of 2 yrs. beginning 1/1/95. Carriers participating in an Alliance may apply a different community rate. On 1/1/95 rates charged employers with similar case characteristics for the similar coverage shall not vary from the adjusted community rate by more than 20%. On 1/1/96 rates shall not vary by more than 10%. On 1/1/97 all small employer benefit plans issued before 1/1/97 will have rates based on the same adjusted community rating standard applied to new business. §58-50-130(b)
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)3(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	Must cover the whole group. §58-50-125
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 60 days prior to the new coverage, exclusive of applicable waiting periods §58-50-130
Reinsurance Type	Demographic and large claims pooling mechanisms. §3233(c)	Prospective/with an opt-out §58-50-150
Reinsurance Price	No provision	Whole Group: 150% Individual: 500% §58-50-150(g)2(e)
Cost Sharing	No provision	\$5,000 plus 10% of the next \$50,000 §58-50-150(g)2(e)
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(f)
Other	1 and 2 live employers must be classified in either the individuals or small groups rating category by the insurer §3231(b)	Sets up non-exclusive Health Plan Purchasing Alliances. §143-628

	NORTH DAKOTA	OHIO
Availability	Guaranteed issue of basic and standard plans (group size 3-25) §26.1-36.3	Modified open enrollment (for groups of 2-25). Carriers must open enroll 1/2 of 1% of small group certificate holders. §3923.58(G)
Group Size	1-25 §1(25)	2-50 (2-25 for HMOs) §3924.01(P)
Individual Policies	Individual policies sold to small employers meeting certain requirements are subject to this Act. §2	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. Subject to open enrollment. §3924.02(A)
Case Characteristics	Age, gender, industry, geographic area, family composition and group size. Claim experience, health status and duration of coverage are not characteristics. Gender may not be used as a case characteristic after 1/1/96. §26.1-36.3-04	Geography, age, sex and industry classification; group size. Does not include claims experience, health status or duration of coverage. §3924.01(E)
Rating Restrictions	Index rate for one class of business shall not exceed the index rate for any other class of business by more than 15%; for a class of business, premium rates charged small employers with similar case characteristics shall not vary from the index rate by more than 20%. §26.1-36.3-04 After 1/1/97 premium rates may not vary by a ratio of greater than 4:1.	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. §3024.04(B); If carrier uses industry, may not vary more than 15% from arithmetic average for all industry classifications. §3924.04(B)
Transitional Period		For health plans delivered prior to effective date, a premium rate may exceed ranges for 18 months immediately following effective date. §3924.04
Renewal Rating	Trend plus 15% plus changes in case characteristics. §4(2)	Trend plus 15% changes in case characteristics. §3924.04(C)
Renewability	Guaranteed renewable except "for cause." §5	Guaranteed renewable except "for cause." §3924.03(C)
Whole Groups	Must cover whole group. §6(3)	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 waived for the time an individual was previously covered if the coverage was continuous 90 days prior to the effective date of new coverage. Does not preclude application of a waiting period for all new enrollees. §6(3)	Preexisting condition limitation of 12 months with 6 months look back. Waiting periods may not be more than 90 days. Credit time to a person 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
Reinsurance Type	Prospective §7	Voluntary, prospective §3924.07
Reinsurance Price	Whole groups: 150% Individuals: 500% §7(8)	Whole Group: 150% Individual: 500% §3924.12(A)
Cost Sharing	\$5000, plus 10% of the next \$50,000 not to exceed \$10,000 in a year per individual. §7(8)	Adopted although not in statute, carriers must meet the first \$5,000. Does not apply to open enrollment.
Assessments	Formula set by Board, but must be 50%-150% of carrier's proportional share of premiums; maximum amount 5% of total premiums earned in previous year. §7(11)	Apportioned among all members in proportion to their respective shares of the total premiums earned from small group plans. Assessment may not exceed 1%. §3924.13(B) Separate pool for open enrollment reinsurance fund - maximum assessment of 3% of small group premiums §3924.1(2)
Other		
Effective Date	August 1, 1993	January 14, 1993

	OKLAHOMA
Availability	Guaranteed issue for eligibles living in service area (standard or basic plans by 1/1/95) (HBN 2256; Title 36, §6520)
Group Size	2-50 §2.7
Individual Policies	
Case Characteristics	Case characteristics other than age, gender, industry, geographic area, family composition and group size may not be used without prior approval of Commissioner §6512.
Rating Restrictions	Index rate for a rating period for any 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 during a rating period to small employers with similar case characteristics shall not vary from the index rate by more than 25%. §6515
Transitional Period	3 years. §6515
Renewal Rating	
Renewability	Carriers may refuse to renew for failure to meet minimum participation levels and for "cause." §9
Whole Groups	Carriers must offer coverage to all eligible employees and dependents (may exclude if not living in the established service area). §7(A)
Continuity of Coverage	Pre-existing condition limitation of 12 months for past six months and pregnancy; credit given if a person was covered under qualifying previous coverage if previous coverage was continuous 60 days prior to new coverage. Late enrollees may be excluded from coverage for up to 18 months. §10
Reinsurance type	Prospective with opt-out.
Reinsurance Price	
Cost Sharing	
Assessments	
Other	Voluntary reinsurance program; carrier retains liability for the first \$5,000 and 10% thereafter, up to maximum of \$10,000 per year. Any net loss is assessed back to reinsuring carriers. If assessments for 2 consecutive years exceeds 5% of total premiums, Board may assess all carriers.
Effective Date	(9/1/92) July 1, 1994

	OREGON	PENNSYLVANIA
Availability	Guaranteed issue (1991 SB 1076) §6(4)	
Group Size	3-25 §3(25)	Not defined
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)	Silent
Case Characteristics	Geography and differences in family size and composition §7(6)b	Silent
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	The Department's policy prohibiting exclusion of individual at policy inception or for new entrants due to medical conditions in small group health policies was affirmed. <u>Insurance Federation of Pennsylvania, Inc. v. Foster</u> . 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	None
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(8)	Silent
Renewability	Guaranteed renewable except "for cause" §7(4)	Silent
Whole Groups	Prohibits carriers from excluding individuals on the basis of actual or expected health condition §7(3)	
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)	
Reinsurance Type	Prospective/with an opt-out §10,11	
Reinsurance Price	Existing business: none Whole Group: 150% Individual: 300% §11(8)a,b	
Cost Sharing	\$5,000 plus 15% of the next \$100,000 §11(7)d	
Assessments	Maximum assessment is 4% of small employer premium plus 1% of members' total health insurance premiums §11(12)a	
Other		
Effective Date	On or after the date the Oregon Small Employer Reinsurance Pool becomes operational	February 27, 1991

	RHODE ISLAND	SOUTH CAROLINA
Availability	Guaranteed issue (groups of 3-25) (1992 H 9011 Sub. A)	Guaranteed issue; basic and standard plans [SBN 541 §6 (4)(a)]
Group Size	1-50 §27-49-4(AA)	2-50 [SBN 541 §4 (A)]
Individual Policies	Generally applies to individual policies sold to small employers. §27-49-4	Does not apply to individual health policies subject to policy form and premium rate approval §38-71-930(A,8)
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 §27-49-3(F)	Age, gender, geography, industry and family composition; claims experience, health status, and duration of coverage are not case characteristics [SBN 541 §15 (5)]
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% §27-49-6(1,2)	Actuarial base rate for plans may be adjusted only to reflect case characteristics and family composition within a class of business. Adjustment due to class of business may not exceed 10% of actuarial base rate. [SBN 541 § 20 (A)(1)]
Transitional Period	3 years §27-49-6(7)	3 years [SBN 541 § 20(3)]
Renewal Rating	Trend plus 15% plus changes in case characteristics §27-49-6(3)b	Trend plus 10% plus changes in case characteristics, family composition. Policies issued before 1/1/95 may also factor claims experience, health status or duration of coverage up to 20% the first year, 10% the second year and 0% after the third year. §38-71-940(A)2(B)
Renewability	Guaranteed renewable except "for cause" §27-49-7	Guaranteed renewable except "for cause" §38-71-950
Whole group	Carriers are required to take the whole group §27-49-8c(5a)	Carriers are required to take whole group. [SBN 541 §6 (A)(2)]
Continuity of Coverage	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(c)	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	Prospective with an opt out §27-49-11	Prospective/With an opt out [SBN 541 §9]
Reinsurance Price	Whole Group: 150% Individual: 500% §27-49-11(9)5(2)	Whole group 150% Individual 500% [SBN 541 §11 (1)(2)]
Cost Sharing	First \$5,000 of reinsured claims §27-49-11(9)(4A)	\$5000 plus 10% of the next \$50,000 and a cap of \$10,000 per year. [SBN 541 §11 (H)(4)(a)]
Assessments	5% of total premiums earned in small employer market §27-49-11(L)(3c)	Board shall determine. Insurers may not have an assessment share less than 50% or more than 150% of the proportion of total premiums earned the preceding year from small group plans [SBN 541 §11 (K)(2)]
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	July 21, 1992	January 1, 1992 [SBN 541 effective July 1, 1995]

	SOUTH DAKOTA	TENNESSEE
Availability	Guaranteed issue of standard and basic plans (effective 7/1/96). §58-188	Guaranteed issue for standard and basic plans §56-7-2208(e) (1992 SB 2578)
Group Size	1-25 §58-188-1(12) (1991 SBH 229)	3-25 §56-7-2203(24)
Individual Policies	Does not apply to individual health policies subject to policy form and premium rate approval. §58-188-2	Generally applies to individual policies sold to small employers. Provisions of TCA, Title 56, Chapter 5, Part 3 do not apply to individual policies subject to this law. §56-7-2206(a,b)
Case Characteristics	No factors other than age, gender, industry, family composition and group size without prior approval of director. 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. §58-188-1(4) Industry may be used if the highest rate factor for industry doesn't exceed the lowest industry rate factor by more than 15%.	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 §56-2203(6)
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%. §58-188-3(1,2). Rates for small employer may not exceed the rate for another small employer because of age alone by a factor of 3:1. §58-188	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% §56-7-2209(b)
Transitional Period	5 years §58-188-3(4)	3 years §56-7-2209(b)7
Renewal Rating	Trend plus 15% plus changes in case characteristics. §58-188-3(3)	Trend plus 15% plus change in case characteristics §56-7-2209(b)3(8)
Renewability		Guaranteed renewable except "for cause" §56-7-2209(a)(3)
Whole Groups	Carriers are required to take whole groups. §58-18-49	Carriers are required to take whole groups.
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 §56-7-2209(a)(1,2)
Reinsurance Type		Prospective/with an opt-out §56-7-2221(a)
Reinsurance Price		Whole Group: 150% Individual: 500% §56-7-2221(g)2(c)
Cost Sharing		\$5,000 plus 10% of the next \$50,000 §56-7-2221(g)2(c)
Assessments		Capped at 5% of small employer premiums; formula to be set by board but must be 50% to 150% of carrier's proportional share of all reinsuring carriers' small employer premiums §56-7-2221(h)(2,4)
Other		Guaranteed issue requirement suspended if assessment cap is reached §56-7-2221(h)4
Effective Date	July 1, 1992	July 1, 1992; January 1, 1993 for preexisting condition and guaranteed renewable provisions

	TEXAS	VERMONT
Availability	Guaranteed issue (9/1/95) §26.21 HB 2055 1993	Guaranteed issue §4080a(4)d(1)
Group Size	3-50 §26.01	1-49 §4080a(1)
Individual Policies	Generally applies to individual policies sold to small employers. §26.06	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	Geography, age, gender, industry classification, number of employees and others. Claims experience, health status, medical history or pregnancy are not case characteristics. §26.01	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)1
Rating Restrictions	Index rates shall not exceed another class by more than 20%; or within a class by more than 25%. (NAIC rate bands) §26.32	Premiums may not deviate by more than +/- 20% of the community rate filed by the small employer carrier §4080a(h)2
Transitional Period	May exceed ranges until 9/1/95.	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(6)b
Renewal Rating	Trend plus 15%.	No provision
Renewability	Guaranteed renewable except "for cause." §26.23	Must guarantee rates for six months; must guarantee acceptance §4080a(k)
Whole Groups		Carrier must take entire group §4080a(a)4(d)
Continuity of Coverage	Pre-ex may be excluded for 12 months if treatment sought within 6 months prior to coverage. Does not apply if individual was continuously covered for 12 months and only had a gap of 60 days. Credit given for any day coverage in effect during preceding 12 months. May establish waiting period up to 90 days.	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 opt out §26.51-62	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% §26.59	No provision
Cost Sharing	\$5,000 plus 10% of the next \$50,000 with a \$10,000 cap per individual per year.	No provision
Assessments	5% cap. Must be 50%-150% of carrier's proportional share of all reinsuring carriers' small employer premiums. §26.60	No provision
Other	Guaranteed issue is suspended if assessment cap is reached. Provides three mandated benefit packages which must be offered by 1/1/94; primary and preventive, in-hospital and standard. §26.42	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	September 1, 1993 (offering of the mandated plans does not begin until 1/1/94 and guarantee issue isn't until 9/1/95).	July 1, 1992

	UTAH
Availability	Silent
Group Size	1-50 [SBN 158 - 31A-30-103 (15)]
Individual Policies	
Case Characteristics	Age, gender, industry, geographic area, family composition and group size. Others need commissioner's approval. Duration of coverage, claim experience and health status may not be used. [31A-30-106.1 (d-j)]
Rating Restrictions	Premium rates may not vary from the index rate by more than 25% for the same class of business. Adjustments for claims experience, health status and duration shall be applied uniformly to all members of small employer group. Would allow up to nine different classes of business [31A-30-106.1 (b)]
Transitional Period	
Renewal Rating	
Renewability	Guaranteed renewable except "for cause" [31A-30-107.1]
Whole Groups	
Continuity of Coverage	Preexisting condition limitation of 12 months relating to conditions 6 months before coverage. Waiting periods must be waived for the period of time an individual was previously covered if that coverage was continuous 90 days before effective date of new coverage. The period of continuous coverage may not include a waiting period for the effective date of coverage applied. [31A-30-107.4]
Reinsurance type	
Reinsurance Price	
Cost Sharing	
Assessments	
Other	
Effective Date	January 1, 1995

	VIRGINIA	WASHINGTON
Availability	Guaranteed issue.* §38.2-3431(D) (4/1/94)	(1993 SB 5304)
Group Size	2-25 for guaranteed issue, 2-49 for other reforms §38.2-3431(B)	Covers everyone. Employer and individual mandate. Requires residents to purchase a uniform benefit package from a certified health plan by 7/1/99.
Individual Policies	Extends to include individual policies §38.2-3431(A) (4/1/94)	
Case Characteristics	Based on a community rate on carriers combined claims for all groups subject to demographic rating including age, gender and geography. May not use claim experience, health status or duration. (4/1/94)	Family size and geography.
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 claims experience, health status and duration from issue may not be applied individually.*	Community rating. Must provide benefits of the uniform privilege on a pre-paid per capital community rated premium not to exceed the maximum premium established by the commission and provide benefits through managed care.
Transitional Period	No provision	
Renewal Rating	No provision	
Renewability	Guaranteed renewable except "for cause" §38.2-3432(B)	
Whole Groups	Prohibits carriers from excluding individuals because of health status or based upon the nature of the employer's business §38.2-3432(1)(3)	
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 up to 18 months. §38.2-3432(1)(3)	After 1/1/94, every individual and group disability insurer HMO and health service contract is to waive any pre-existing condition, exclusion or limitation in 3 month period preceding effective date of coverage. If person met a 12 month waiting period in the preceding policy, insurer will waive pre-existing condition limitation.
Reinsurance Type	No provision	
Reinsurance Price	No provision	
Cost Sharing	No provision	
Assessments	No provision	
Other	Standard and essential plans (effective 7/1/93)	
Effective Date	April 1, 1994	Effective 7/1/93 except § 234-257 on 7/1/95 and §301 on 1/1/96.

	WEST VIRGINIA	WISCONSIN
Availability		Guaranteed issue (1992 A 655) §635.26
Group Size	2-59 §33-160-2	2-25 §635.20(12)a
Individual Policies	Does not apply to individual health policies subject to policy form and premium rate approval. §33-160-3	Applies to individual policies §635.02(8)
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. §33-160-2	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), 635.16(4)
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%. §33-160-5	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	5 years §33-160-5	3 years
Renewal Rating	Trend plus 15% plus changes in case characteristics. §33-160-5	Trend plus 15% plus changes in case characteristics §635.05(2)2
Renewability	Guaranteed renewable except "for cause." §33-160-7	Guaranteed renewable except "for cause" §635.07
Whole Groups		Insurer must offer coverage to the entire group §635.25(2)
Continuity of Coverage		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		Reinsurance type and assessments shall be studied by the Health Insurance Board §635.23
Reinsurance Price		No provision
Cost Sharing		No provision
Assessments		No provision
Other		
Effective Date	July 1, 1991	Day after publication

	WYOMING
Availability	Guaranteed issue §26-19-306
Group Size	2-25 §26-19-302(xxii)
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(vi)
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(a)viii
Renewal Rating	Trend plus 15% plus changes in case characteristics §26-19-304(a)iii(8)
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 become 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)i,ii
Cost Sharing	\$5,000 §26-19-307(1)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

* This is an outline of passed legislation. For a full understanding of the enactments, the text of the statutes cited should be consulted. This should not be used as a sole source.

COMPREHENSIVE SMALL EMPLOYER PACKAGES

	HIAA	NAIC
Availability	Guaranteed Issue	Guaranteed issue (groups of 1 to ___) of all health benefit plans actively marketed to small employers in the state.
Group Size	2-50	1-
Individual Policies	Individual policies sold to small employer subject to Act; however, if state has effective rate regulation, the rating requirements do not apply. Group coverage should not extend to one-life groups.	Does apply to individual policies sold to small employers; although drafting note says that states may wish to consider exempting individual health policies from the rating provisions.
Case Characteristics	Modified community rating: family composition, geography, age, gender, size of employer, health improving behaviors, and other objective criteria; Rate variation based on health status, claims experience or any other factor is permitted, subject to strict limitations.	Small employer carriers may not use case characteristics other than geographic area, family composition, and age.
Rating Restrictions	Premium rates for small employer plans with similar case characteristics may not vary by more than +/- 25 percent from the modified community rate.	Age brackets must be at least in 5 year increments for ages 30-65 (separate rates allowed for those over 65). Adjustments to rates cannot be more than 400% of the lowest rate for all age groups for the first 2 years, 300% in the 3rd and 4th years and 200% after 5 years. ** These limitations are only one of several viable approaches. ** Premiums may not be adjusted more than annually to reflect changes in enrollment, family composition or the health benefit plan requested by the employer.
Transitional Period	3 years	5 years
Renewal Rating	Trend plus 15% plus changes in case characteristics	Trend
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	No pre-existing condition exclusions if coverage is continuous (has not lapsed more than 60 days), otherwise a 12 month exclusion is allowed. Up to an 18-month pre-existing condition exclusion may be imposed on late entrants if coverage has lapsed more than 60 days or if condition was not covered under prior coverage.	Plans may not deny, exclude or limit benefits for losses incurred more than 6 months due to a preexisting condition. Plans must credit the time a person was covered by qualified previous coverage provided the coverage was continuous at least 90 days prior to effective date; qualified previous coverage is defined as Medicare, Medicaid, employer-based health insurance, or individual insurance providing similar or exceeding benefits. Waiting periods for preexisting conditions of up to 12 months may be applied to late enrollees.
Reinsurance Type	Prospective/mandatory	Individual states will determine whether to make participation in reinsurance mandatory or voluntary.
Reinsurance Price	Whole Group: 150% Individual: 500%	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		

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. SB 178

Revision Date: _____
Title: Small Employer Health Insurance

Department: Commerce and Economic Development
BRU: Insurance
Component: Operations

Sponsor: Senator Rieger
Requestor: Labor & Commerce Committee

COMPONENT SERIAL NO. #354

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES						
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FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: \$ 0.0

POSITIONS	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)
No fiscal impact.

Prepared by: Joan Brown, Administrative Officer *JTB* Phone: 465-2597
Division: Insurance Date: 1/4/98
Approved by Commissioner: William L. Hensley *W. Hensley* Date: _____
Agency: Commerce and Economic Development

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Alaska State Senate

SENATOR STEVE RIEGER
District 1

Senate Finance Committee
Chair, Senate Transportation Committee

Legislative Budget and Audit Committee
Administrative Regulation Review Committee
Legislative Council



During Session:
State Capitol, Room 516
Juneau, Alaska 99801
(907) 465-3879

716 West 4th Avenue, Suite 530
Anchorage, Alaska 99501
(907) 258-8188

Sponsor Statement

SB 178 "An Act increasing the number of eligible employees that constitute an employer group for purposes of providing small employer health insurance; amending the definition of 'small employer'; and requiring an annual report from the Small Employer Health Reinsurance Association until 1999."

In 1993, I sponsored legislation that created an association of insurers who transact health insurance in the state and required those insurers to join the association as a condition of doing business in Alaska. That legislation allowed a member of the association to reinsure health coverage of a small employer and required a small employer insurer to offer small employers at least two health benefit plans. This legislation passed the legislature and became Chapter 39 SLA 1993.

SB 178 amends the 1993 legislation by changing the definition of "small employer" to include those that employ 2 - 50 individuals. This is an increase from the earlier definition of 2 - 25 employees. This change is supported by the National Association of Life Underwriters, Association of Health Insurance Agents, the Southern Alaska Life Underwriters, the Health Insurance Association of America and the National Federation of Independent Business/Alaska.

**BALDWIN FINANCIAL CONCEPTS**

2525 Blueberry Rd., Suite 107 • Anchorage, Alaska 99503 • (907) 276-4849

January 4, 1986

Senator Steve Rieger
Senate Finance Committee
716 West 4th Avenue, Suite 530
Anchorage, AK 99501

Dear Senator Rieger:

I would like you to support SB178 "An act relating to small employer health insurance" which would expand the definition of a small employer to 50 eligible employees. As a health insurance broker I have found that some groups over 25 with medical problems may be declined for coverage. These employers may not be able to secure coverage for their entire group. Underwriting is normally not a problem for groups of over 50 employees due to the capacity to spread adverse risk.

In addition, many organizations I belong to also support expansion of the definition to 50 employees as well. These organizations include the National Association of Life Underwriters, Association of Health Insurance Agents, and the Southern Alaska Life Underwriters.

It is my understanding that a majority of States have adopted legislation to define a small group as over 25 employees.

Thank you for your consideration on this important matter.

Sincerely,

Eric J. "Rick" Johnson
Employee Benefits Specialist

LICENSED LIFE and HEALTH AGENTS
OFFERING INSURANCE and OTHER FINANCIAL PRODUCTS

Lincoln Financial Group, Inc.
Suite B
8300 Briarwood
Anchorage, AK 99518-3331

Tel (907) 522-1194
Tel. (800) 478-1194
Fax (907) 522-3415
Res. (907) 345-5746

David L. Stratton, CLU, ChFC
Managing General Agent



LINCOLN FINANCIAL GROUP

01-04-96

Senator Steve Rieger
Juneau, Ak

Fax 1-907-465-2069

Re. SB-178

Dear Senator Rieger,

I and my company are in support of changing the definition of small employer to include those groups of 2-50 lives. We have come across a number of cases that this would have helped on in the last year. We feel that anything that can be done to broaden the number of covered groups in Alaska will be beneficial to the overall health of the state.

Please feel free to contact my office with any questions you or your staff may have.

Sincerely,

David L. Stratton

Registered representative of, and securities offered through, Lincoln National Life Insurance Co. (member NASD), and LNC Equity Sales Corp. (member NASD, SIPC)

Branch office, 1300 South Clinton, P O Box 1110, Fort Wayne, IN 46801-1110 Tel. (219) 455-2000

Lincoln Financial Group, Inc. is an affiliate of Lincoln National Life Insurance Co



Southern Alaska Life Underwriters Association • P.O. Box 10-3956 • Anchorage, Alaska 99510-3956

Senator Steve Rieger
Senate Finance Committee
716 W. 4th Ave. #530
Anchorage, AK 99501

January 4, 1996

Dear Senator Rieger:

I am writing in support of Senate Bill 178 which proposes to include groups of 25-50 employees in small group reform. I am strongly in favor of this modification in the definition of small group because it would increase the availability of health coverage both to small employers and the consumer.

Southern Alaska Life Underwriters, the trade association of professional insurance agents of which I'm president, also endorses this modification. The support of this reform is also favored by the National Association of Life Underwriters and the Association of Health Insurance Agents, groups of which I am a member.

I urge you to vote in favor of S.B. 178 when it appears on the Senate Floor.

Thank you,

A handwritten signature in cursive script that reads "Beverly S. Lukehart".

Beverly S. Lukehart, CLU, ChFC
President, Southern Alaska Life Underwriters

**HAGEN INSURANCE**

810 East 36th Avenue
P.O. Box 240326
Anchorage, Alaska 99524-0326
907-561-8040 Fax 907-561-8041

January 5, 1996

Hon. Steve Rieger
State Capitol Building
Juneau, AK 99801

RE: SB178

Dear Senator Rieger:

I am writing in my role as Chair of the Health Insurance Committee of the Southern Alaska Life Underwriters.

Our organization was instrumental in gaining support for the original small group reform bill. We feel that the original legislation is working and that its benefits should be expanded to groups of up to fifty employees.

These groups face many of the premium and underwriting pressures previously faced by smaller groups. Senate Bill 178 will bring them the same aid.

Sincerely,

Robert F. Hagen

DAVID FRAZIER & ASSOCIATES INC.

1600 A Street, Suite Number 300

Anchorage, Alaska 99501

Phone (907) 258-1169

Fax (907) 258-3638

MEMORANDUM

DATE: January 8, 1996
TO: Honorable Steve Reiger
FROM: David Frazier
RE: Senate Bill 178

I'm an independent insurance broker that specializes in group coverage. My clients and I are interested in seeing that the subject statute change takes place. Although this seems to be an insignificant issue, there are many small employers out there that have group insurance problems that would be resolved by passage of this bill. This will make it a lot easier for employers that have between 26 and 50 employees to obtain group health insurance that is affordably priced for their people and family members.

CC L & C Members

Sb178

Pension Services Ltd.

1205 EAST INTERNATIONAL AIRPORT ROAD, SUITE 205, ANCHORAGE, ALASKA 99518
PHONE: 007-562-3938 • FAX: 007-562-1388

MEMO

To: Senator Steve Rieger
From: Al Tamagni, Sr.
Date: January 9, 1996
Subject: Senate Bill 178

I am writing in regards to Senate Bill 178, an Act related to small employers' health insurance.

I strongly support the Bill as drafted. It would provide services to small employers in the Alaska market.

Thank
al

Post-It® brand fax transmittal memo 7671		# of pages	1
To	Senator Rieger	From	Al Tamagni, Sr.
Co.		Co.	
Dept.		Phone #	907-562-3938
Fax #	907-465-3015	Fax #	907-562-1388

A L A S K A



National Federation of Independent Business

Statement of Support

of SB 178

Expanding the small employer health insurance program to include companies with 26 to 50 employees.

February 5, 1996

The Alaska Chapter of the National Federation of Independent Business has 4,500 members, making it the largest small-business advocacy group in the state.

In 1993 NFIB/Alaska lobbied strongly in favor of legislation to create the small business health insurance program for businesses with 2 to 25 employees. The majority of our membership supports expanding this program for companies of up to 50 employees.

Prior to the creation of this program there was limited health insurance available for small employers. In some cases it was impossible to get insurance if even one employee was considered a high risk. Now the insurance companies cannot reject any group or individual. If necessary, individual employees with health problems can be covered through a high risk pool called a reinsurance association. The state required insurers to form the reinsurance association in order to offer high risk insurance and to allow the risk to be spread among all insurers in the market.

NFIB/Alaska supports expanding this important program to companies with up to 50 employees.

NFIB/Alaska urges support for SB 178.

Submitted by Thyes Shaub on behalf of NFIB/Alaska.

SB

186

FISCAL NOTE

No. 1

Version: CSSB 186(L+C)

(S) Publish Date: 3/18/96

**STATE OF ALASKA
1996 LEGISLATIVE SESSION**

Revision Date: _____
 Title: Limited Liability Partnerships
 Sponsor: Senate Labor & Commerce
 Requestor: Senate Labor & Commerce

Department: Commerce and Economic Development
 BRU: Banking, Securities and Corporations
 Component: Banking, Securities and Corporations

COMPONENT SERIAL NO. 1233

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES	80.0	84.0	104.0	109.0	115.0	121.0
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0


Estimate of any current year (FY 96) cost: \$ _____

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The revenue figures are based upon the current number of Limited Liability Companies that have filed with the State of Alaska under the Limited Liability Act since July 1, 1995. Using those figures, the department estimates that approximately 324 Limited Liability Partnerships (LLP) would file in FY 1997, and would increase at 5% per year. Starting in FY 99, the revenue figure anticipates additional revenue derived from biennial license renewal fees.



Prepared by: Willis F. Kirkpatrick, Director
 Division: Banking, Securities and Corporations
 Approved by Commissioner: William L. Hensley
 Agency: Commerce and Economic Development

Phone: 465-2521
 Date: 2-6-96
 Date: 2-7-96

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PRESENTATION TO THE SENATE LABOR AND COMMERCE
COMMITTEE ON SENATE BILL 186

MISTER CHAIRMAN AND MEMBERS OF THE COMMITTEE. MY NAME IS PETER DENN AND I AM AN ALASKAN CPA, HAVING LIVED AND WORKED IN THE STATE FOR THE LAST 22 YEARS. I AM THE MANAGING PARTNER OF THE ALASKA PRACTICE FOR DELOITTE & TOUCHE, WHICH NOW EMPLOYS APPROXIMATELY 50 ALASKANS, AND I AM HERE TODAY AS A MEMBER OF AND BEHALF OF THE ALASKA SOCIETY OF CPA'S. I GREATLY APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO SPEAK IN FAVOR OF SB 186, THE PROPOSED REGISTERED LIMITED LIABILITY PARTNERSHIP LAW.

BEFORE I TALK ABOUT THE BILL, I WOULD LIKE TO THANK YOU, SENATOR KELLY, THE MEMBERS OF YOUR COMMITTEE AND YOUR STAFF FOR YOUR PATIENCE OVER THE LAST YEAR. WE HAVE WORKED CLOSELY WITH THE ALASKA BANKERS, ESPECIALLY JOE SCHIERHORN AND JOHN BEARD, TO ARRIVE AT CONSENSUS BEFORE TODAY'S MEETING AND I BELIEVE YOU HAVE THE RESULTS OF THAT EFFORT BEFORE YOU.

I WOULD LIKE TO POINT OUT THAT I AM NOT AN ATTORNEY THOUGH TODAY I AM ADDRESSING LEGAL FORMS OF ORGANIZATION. I BELIEVE, AS A

BUSINESSMAN, THAT THE LLP WILL BENEFIT SMALL AND GROWING BUSINESSES IN ALASKA AND ENHANCE OUR BUSINESS FRIENDLY ENVIRONMENT.

SELECTING THE FORM IN WHICH TO OPERATE IS ONE OF THE MOST SIGNIFICANT DECISIONS A CLIENT STARTING A BUSINESS, OR CONTINUING AN EXISTING ONE, WILL HAVE TO MAKE WITH RESPECT TO THAT BUSINESS.

THE CHOICE OF ENTITY WILL HAVE BROAD IMPLICATIONS. IT WILL AFFECT HOW THE BUSINESS IS CONDUCTED, THE PERSONAL AFFAIRS OF ITS OWNERS, AND EVEN IMPACT ON THE BUSINESSES' EMPLOYEES. TO CONTINUE TO ATTRACT AND RETAIN BUSINESSES, IT IS IMPORTANT THAT BUSINESSES HAVE, AND ALASKA PROVIDES, A FULL CHOICE OF FORMS IN WHICH BUSINESSES MAY OPERATE.

THE LIMITED LIABILITY PARTNERSHIP (OR LLP) IS A NEW TYPE OF GENERAL PARTNERSHIP THAT IS BEGINNING TO SWEEP THE NATION. THIRTY-EIGHT (38) STATES AND THE DISTRICT OF COLUMBIA HAVE ALREADY ADOPTED LLP LEGISLATION. TWELVE (12) ADDITIONAL STATES, NOW INCLUDING ALASKA, ARE CONSIDERING LLP LEGISLATION IN 1996.

THE LLP FORM IS APPEALING TO LOTS OF PARTNERSHIPS, BUT PARTICULARLY TO THE SEGMENT OF THE ECONOMY THAT IS GROWING THE FASTEST - SMALL

BUSINESSES AND START-UP VENTURES. THIS IS BECAUSE IT HAS LOW START-UP COSTS, IS FLEXIBLE, AND RELATIVELY EASY TO OPERATE.

LLP'S PROVIDE A FLEXIBLE FORM OF ORGANIZATION FOR SMALL BUSINESSES THAT HELPS THEM OBTAIN PARITY WITH LARGER, BETTER CAPITALIZED ORGANIZATIONS WHICH CAN AFFORD THE ANCILLARY BENEFITS OF MORE COMPLICATED BUSINESS ORGANIZATIONS. AT THE SAME TIME, THE LIMITED LIABILITY PARTNERSHIP RETAINS MANY OF THE POSITIVE ATTRIBUTES OF A GENERAL PARTNERSHIP.

FIRST, IT IS SIMPLE TO FORM.

SECOND, IT IS SIMPLE TO OPERATE -- UNLIKE GENERAL CORPORATIONS, THERE ARE NO REQUIRED ARTICLES OF INCORPORATION BY-LAWS, BOARD OF DIRECTORS MEETINGS, ETC.

THIRD, IT IS TAXED LIKE A PARTNERSHIP -- MEANING THAT THE TAX LIABILITY FLOWS THROUGH DIRECTLY TO THE LLP'S PARTNERS.

Similar to a Sub-S

THE LIMITED LIABILITY PARTNERSHIP ALSO HAS ONE OF THE POSITIVE ATTRIBUTES OF MORE COMPLICATED BUSINESS FORMS -- PARTIAL LIMITED LIABILITY.

INDIVIDUAL PARTNERS IN AN LLP ARE NOT PERSONALLY LIABLE FOR THE DEBTS AND OBLIGATIONS OF THE LLP ARISING OUT OF ERRORS, OMISSIONS, NEGLIGENCE, INCOMPETENCE, OR MALFEASANCE COMMITTED IN THE COURSE OF THE PARTNERSHIP BUSINESS BY ANOTHER PARTNER OR REPRESENTATIVES OF THE PARTNERSHIP NOT WORKING UNDER THEIR DIRECTION OR SUPERVISION.

PLEASE NOTE THAT ALL PARTNERS CONTINUE TO BE PERSONALLY LIABLE FOR THEIR OWN ACTS AND OMISSIONS AND THE ACTS AND OMISSIONS OF PERSONS OVER WHOM THEY HAVE CONTROL. ALL PARTNERS ALSO CONTINUE TO BE PERSONALLY LIABLE FOR ALL OTHER DEBTS AND OBLIGATIONS OF THE PARTNERSHIP.

THE LLP ITSELF REMAINS LIABLE FOR ALL OF THE ACTIONS OF ITS OWNERS AND EMPLOYEES AND THE LLP OWNERS REMAIN PERSONALLY LIABLE FOR THEIR OWN ACTIONS AND THE ACTIONS OF THOSE UNDER THEIR CONTROL. BUT, BEYOND ANY INVESTMENTS IN THE LLP ITSELF, THE PERSONAL ASSETS OF THE OWNERS AND THEIR FAMILIES NEED NOT BE SACRIFICED TO PAY JUDGMENTS ARISING FROM EVENTS OR ACTIONS OVER WHICH THEY HAVE NO CONTROL.

WHILE THE OTHER FORMS OF ORGANIZATION, SUCH AS CORPORATIONS, PROFESSIONAL CORPORATIONS, AND LIMITED PARTNERSHIPS, PROVIDE FAR MORE COMPREHENSIVE PROTECTION FOR THE PERSONAL ASSETS OF A BUSINESS OWNER AND GENERALLY PROTECT OWNERS FROM ANY ACTION AGAINST THE ENTITY, THEY ALSO CARRY WITH THEM SIGNIFICANT COSTS AND REQUIRE A LEVEL OF SOPHISTICATION TO SET UP AND OPERATE.

CONSEQUENTLY, THE LIMITED LIABILITY PARTNERSHIP SHOULD APPEAL TO THE TYPES OF BUSINESSES TODAY THAT ARE OPERATING AS PARTNERSHIPS AND THAT CAN NOT AFFORD OR DO NOT HAVE THE TIME TO DEAL WITH STATUTORY AND REGULATORY REQUIREMENTS OF QUALIFYING AND OPERATING AS THESE OTHER BUSINESS FORMS.

FROM ALASKA'S PERSPECTIVE, IT WILL BE A TREMENDOUS ADVANTAGE TO OFFER BUSINESS THE LLP FORM FOR THE FOLLOWING REASONS:

THE LLP IS BUSINESS DEVELOPMENT ORIENTED. STATES AT THE FOREFRONT OF ECONOMIC DEVELOPMENT ARE THERE BECAUSE THEY OFFER AN EXPANSIVE MENU OF ORGANIZATIONAL ALTERNATIVES FOR DOING BUSINESS. THEY ENABLE THE BUSINESSES IN THEIR STATES TO BE COMPETITIVE WITH BUSINESSES FROM OTHER STATES AND ABROAD BY ENABLING THEM TO USE THE BUSINESS FORM MOST SUITABLE TO THEIR BUSINESS SITUATION.

ENACTMENT OF LLP LEGISLATION IS CONSISTENT WITH PUBLIC POLICY POSITIONS ALREADY ADOPTED BY THE STATE. LIKE ANY BUSINESS FORM, THE PARTNERS IN AN LLP ALWAYS REMAIN RESPONSIBLE FOR THEIR OWN ACTIONS, AND THE PARTNERSHIP REMAINS RESPONSIBLE FOR THE ACTIONS TAKEN ON ITS BEHALF BY EMPLOYEES OR PARTNERS.

ADOPTION OF A LIMITED LIABILITY PARTNERSHIP LAW WILL PROVIDE A FAVORABLE BUSINESS CLIMATE -- AND WILL ESPECIALLY BENEFIT THAT PORTION OF THE ECONOMY THAT HAS THE POTENTIAL TO GROW THE FASTEST, SMALL BUSINESSES AND START-UP VENTURES.

A LLP LAW WILL ENABLE ALASKA TO MAKE AVAILABLE AN ORGANIZATION FORM AVAILABLE TO 4/5 OF THE NATION AND ALLOW BUSINESSES THAT ARE RESIDENT HERE TO BETTER COMPETE WITH OUT-OF-STATE FIRMS.

FOR THESE REASONS, WE URGE YOU TO ADOPT THIS LEGISLATION.

THANK YOU FOR ALLOWING ME TO APPEAR HERE. IF YOU HAVE ANY QUESTIONS, I WILL BE HAPPY TO TRY TO ANSWER THEM.

SB

193

Senator Judith E. Salo

Alaska State Legislature



MEMORANDUM

TO: Representative Pete Kott, Chair
House Labor and Commerce Committee

FROM: Senator Judith Salo *JES*

DATE: April 16, 1996

SUBJECT: Senate Bill 193

.....

Attached is a legal opinion relating to an amendment that was added to SB 193 in the House HESS committee.

The amendment is problematic in that it significantly weakens the legislation. I want insurers doing business in Alaska to know clearly that it is unacceptable to discharge new mothers and babies too soon. As you can see from this opinion there is increased ambiguity as a result of the amendment.

I would respectfully request that the House Labor and Commerce committee revert back to the Senate Labor and Commerce committee substitute for Senate Bill 193.

Thank you for your consideration.

South Anchorage • Lower Hillside • Ocean View • Klatt • Kenai • Nikiski • Kalifornsky Beach

During Session: State Capitol • Juneau, AK 99801 • (907) 465-4940 • (907) 465-3766 FAX
 Interim Anchorage: 716 W 4th, Suite 450 • Anchorage, AK 99501 • (907) 258-8183 • (907) 258-5571 FAX
 Interim Kenai: 145 Mainstreet Loop • Kenai, AK 99611 • (907) 283-7996

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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

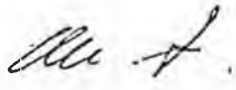
130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

April 16, 1996

SUBJECT: Insurance for birth costs - (HCSCSSB 193(HES))

TO: Senator Judith Salo
Attn: Bruce

FROM: Michael F. Ford 
Legislative Counsel

You have asked for an explanation of the changes made by the House CS for SB 193. The primary effect of the House CS is to require an offer of coverage for certain costs of birth as opposed to a provision of law that requires coverage be included in the insurance policy for certain costs of birth. (For an example of an existing provision of law imposing required coverage see AS 21.42.375 requiring coverage for costs of mammograms.) Requiring an offer of coverage instead of mandating coverage effectively leaves the issue of coverage up to the insured. For group insurance policies the required offer may leave those individuals who receive health insurance by participation in a group policy without coverage.

The House CS also required that the title of the bill be changed. As you are probably aware, a change to the title of a bill in the second house requires suspension of the uniform rules. Therefore a title suspension resolution will need to be passed by both houses, if the House CS is to be enacted by the legislature.

Please contact me if you have further questions.

MFF:pl
96-118.plm



alaska academy of physician assistants

To: Senator Judith Salo
Alaska State Legislature
Juneau, Alaska 99801

From: Jeanne Clark, PA-C
Alaska Academy of Physician Assistants
479 Slater Drive
Fairbanks, Alaska 99701

Date: March 5, 1996

Re: Senate Bill 193

Dear Senator Salo,

The current trend of the insurance industry to restrict length of hospitalization after childbirth is an effort to decrease costs. Every delivery can be different and complications can occur. The practice of keeping the mother and infant in the hospital after delivery is to monitor for such complications and to educate the mother on appropriate care and health promotion of the infant. By monitoring and educating, the insurance industry may provide more benefits at the time of delivery, but in the long run will decrease costs due to the early detection and preventative promotion done prior to discharge of the mother and infant.

Physician Assistants, as members of the health care team, actively support methods to promote health and prevention but are very concerned about cost effective health care. The Alaska Academy of Physician Assistants support Senate Bill 193 to prevent the mandatory early discharge and continue to support the physician to determine when the mother and infant is ready for discharge. It is more cost effective to spend resources in an area that can promote positive outcomes than to save money now and pay later when problems could have been prevented.


Jeanne Clark, PA-C

Letters of Support

OB-GYN ASSOCIATES

GEORGE STRANSKY, MD, FACOG

Diplomate, American Board of Obstetrics and Gynecology

LYNN HARTZ, RN, MSN, ANP

Advanced Nurse Practitioner



4231 Lake Otis Parkway, Anchorage, Alaska 99508-5293
 (907) 562-2965, Fax (907) 561-1257

January 17, 1996

To: Senator Judith E. Salo, Alaska State Legislature
 From: George Stransky, MD, Chairman, Department of Obstetrics and Gynecology, Providence
 Re: Senate Bill No. 193

Dear Senator Salo:

From my medical standpoint, your Senate Bill No. 193 is sound and the time intervals are reasonable. It seems to protect the family while not placing undue hardship on insurance coverage.

Such a bill would have seemed unnecessary only a few years ago. However in recent years, insurers continue to push the envelope at intimidation and innuendo in their dealings with their policy holders. I repeatedly feel that insurance firms are not clear about their intent and coverage when a policy is sold, that insurance firms make decisions with flow charts and statistics without the same level of expertise in an individual case as medical personnel dealing with a given situation, and that review organizations seem like poorly disguised cost control points.

If your bill is not voted into law, I would encourage pressure to remain on insurance companies for full disclosure of benefits or full responsibility of risks involved in childbirth.

Thank you for caring.

George Stransky, MD, FACOG

Chair, Department of Obstetrics and Gynecology, Providence Alaska Medical Center
 Associate Professor, University of Washington School of Medicine
 Adjunct Faculty, University of Alaska Anchorage

ALASKA WOMEN'S LOBBY

416 Harris Street, Suite 208, Juneau, Alaska 99801
(907) 463-6744 phone / (907) 586-2680 fax

11 February 1996

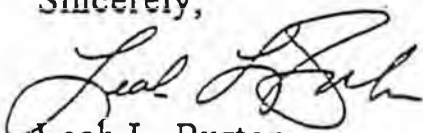
The Alaska Women's Lobby supports the passage of SB193 which would require insurance coverage for follow-up hospitalized medical care up to 48 hours after vaginal birth; and up to 96 hours after cesarean birth.

We agree with the sponsors' concern that there are legitimate reasons for some new mothers to require additional recovery time and information that can only be provided for in the hospital following birth.

Forced premature discharge can put an exhausted parent in jeopardy and the care of the new infant at risk. Training, such as how to breast feed is just one of many essential tasks that a new mother must be taught.

We urge the passage of this legislation.

Sincerely,



Leah L. Burton

for the Alaska Women's Lobby

ALASKA STATE

HOSPITAL & NURSING HOME

ASSOCIATION

February 14, 1996

Senator Tim Kelly, Chair
Labor & Commerce Committee
Alaska State Senate
Capitol Building
Juneau AK 99801

Re: Support, SB 193
Insurance Cost of Birth

Dear Senator Kelly & Members of the Labor & Commerce Committee:

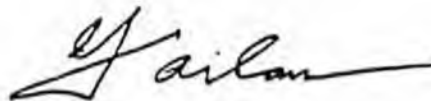
ASHNHA, representing community hospitals & nursing homes across Alaska asks your support of SB 193.

We consider it unfortunate that consumers and health providers must turn to the Legislature to mandate health insurance coverage. Ideally, this should be negotiated and agreed upon between the buyers and sellers of health insurance. Unfortunately, the cost of health care, and everyone, including insurers, attempting to find ways to control or reduce costs has triggered this appeal to the Legislature.

A debate is currently underway nationally on the issue of appropriate length of hospital stay for a mother and her newborn following delivery. Statistics nationally show the average length of stay for all hospital deliveries in 1970 was 4.1 days. By 1992, the average had decreased to 2.6 days. In Alaska, hospital administrators feel this is needed legislation even though the trend has been to release obstetrical patients and their newborns within 24 hours.

The cost of an additional day of obstetrical care can run from \$600 to a \$1,000.00. This can be a major cost impact to a young family and should be covered, when medically necessary, by health insurance.

Sincerely,



Harlan R. Knudson
President/CEO



TONY KNOWLES, GOVERNOR
State of Alaska

GOVERNOR'S COUNCIL ON DISABILITIES AND SPECIAL EDUCATION

P.O. Box 240249 • Anchorage, Alaska 99524-0249 • Phone: 907-563-5355 • Fax: 907-563-5357

Senator Judy Salo
Room 504
State Capitol
Juneau, Alaska 99801-1182

March 19, 1996

Dear Senator Salo;

Thank you for your efforts in addressing the needs of mothers and newborn babies through Senate Bill 193. The Governor's Council on Disabilities and Special Education believes that Senate Bill 193 will improve the long term health of both mothers and newborns.

Alaskans' general health ranks 46 of 50 states, and health insurance companies have few policies to improve Alaska's ranking. Many insurance companies require moms and newborns to leave hospital care after just 24 hours.

Early hospital discharges can be detrimental to both the mom and baby, especially in rural Alaska. The first few days after birth are critical to adequately assess the mother's postpartum health and evaluate the infant's development. With the option of a slightly longer hospital stay, mothers can receive necessary care, training, and infant assessment services.

The Council supports Senate Bill 193 because it stops "drive-through deliveries" and provides Alaska with healthier families. If you have any questions or comments, please contact Noelle Hardt, the Council's Political Science Intern, at (907)563-5355.

Sincerely,

A handwritten signature in cursive script that reads "Kathy Fitzgerald".

Kathy Fitzgerald
Governor's Council on Disabilities
and Special Education, Chair

3/25/96

Dear Senator Salo,

I am writing on the behalf of Senate Bill No. 193, which will allow new moms and infants more hospital time and require insurance companies to provide this coverage. I am a Social Work student in my final year of college, and conducting my practicum at the Anchorage Neighborhood Health Center. As you can well imagine, working in the perinatal program brings up the very issues you have raised in Senate Bill No. 193. I have encouraged the OB providers at the clinic to advocate for this bill, and provided them with information on how to do so.

I am in favor of Senate Bill No. 193 and wish to support it in any way, shape, or form. Please send any information on how I might do so.

Sincerely,

Alison Florio

Alison Florio
6538 Nottinghill Dr.
Anchorage, AK
99504

May 23, 1995

STATEMENT ON DECREASING LENGTH OF HOSPITAL STAY
FOLLOWING DELIVERY

The American College of Obstetricians and Gynecologists (ACOG) is concerned about the decreasing length of time following delivery when mothers and newborns are discharged from the hospital. Although the trend to short hospital stays has been jokingly referred to as "drive through delivery," it is not a laughing matter.

As an organization dedicated to the primary health care of women and to insuring the optimal outcome of pregnancies, ACOG believes that changes in practice such as early discharge following obstetrical delivery should be based on sound scientific data that demonstrate good outcomes for mother and infant, as well as being cost effective. As yet, these data do not exist. Until they do, the burden of proof of safety of early discharge rests with those who are driving the change.

A recent analysis by the Centers for Disease Control and Prevention (CDC) found that between 1970 and 1992 the median length of stay for women who gave birth vaginally decreased by 46 percent (from 3.9 to 2.1 days), and for those who had a cesarean delivery by 49 percent (from 7.8 to 4 days).¹ Because the data included complicated deliveries, the median length of stay for uncomplicated vaginal deliveries or cesareans was probably considerably shorter.

Guidelines for Perinatal Care, a collaborative document between ACOG and the American Academy of Pediatrics (AAP), indicates that in otherwise uncomplicated deliveries the postpartum hospital stay ranges from 48 hours for vaginal delivery to 96 hours for cesarean delivery, exclusive of the day of delivery.² Yet it has become common for insurers to limit length of stay to up to only 24 hours following vaginal delivery and up to 72 hours following cesarean delivery. ACOG's concern is heightened by reports of insurers proposing 12 hour stays following uncomplicated vaginal delivery and 48 hour stays following uncomplicated cesarean delivery, and by indications that some insurers are considering 6 hour stays for routine deliveries.

Although the move toward earlier discharge began in response to consumer demand during the 1970s -- to decrease medical interventions surrounding childbirth and provide a more family-centered birth experience -- the recent trend to even shorter length of stay following delivery appears to be driven primarily by financial motivations. At a time when obstetrical delivery is the most frequent cause of hospitalization in the United States, the shortening of a woman's hospital stay holds obvious appeal to insurers.

Length of hospital stay may affect the recovery of the mother, and the newborn's stabilization and screening tests. Significant maternal physiologic changes and newborn adaptation occur during the first few days of life. Not all serious maternal or newborn problems or complications are evident within the first 12 or 24 hours following birth. ACOG is concerned about anecdotal reports of serious problems in newborns, such as dehydration and undetected jaundice, following early discharge.

ACOG is also concerned that opportunities for educating new mothers in the care of their newborns are lost when early discharge is inappropriate. For example, the initiation of breast-feeding and lactation is a very important process that occurs over the first few days following birth. Home care services should provide education regarding maternal recovery and newborn care. However, the availability, structure and content of home visits and services vary widely across the country. Moreover, such instruction may not always be an effective substitute for "on-demand" education provided in the hospital.

In other instances, a mother may be discharged to go home first, without her baby, or an inappropriate early discharge may result in separate readmission of either the mother or newborn. Such separation, while temporary, can come at a critical phase in the development of the mother-infant relationship.

ACOG acknowledges that selective, early discharge is safe and desirable for some mothers and babies. However, a decision for early discharge should be individualized and should be a mutual decision between the patient, her family, and the obstetrical provider -- taking into account medical risk factors, support systems for the family, and the readiness of the mother to care for herself and her newborn.

The routine imposition of a short and arbitrary time limit on hospital stay that does not take maternal and infant need into account could be equivalent to a large, uncontrolled, uninformed experiment that may potentially affect the health of American women and their babies. There is relatively little scientific data on the ideal length of hospital stay for delivery. A critical review of existing literature indicates that studies have not yet conclusively demonstrated the safety of early discharge.³

For this reason, ACOG believes that the American health care system should call for a moratorium, or a "time-out," on further reduction in hospital stays following delivery, until we have the data that clearly demonstrate the safety of early discharge for women and their babies.

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¹ CDC. Trends in length of stay for hospital deliveries - United States, 1970-1992. *MMWR* May 5, 1995; 44: 335-337.

² AAP and ACOG. Guidelines for Perinatal Care, 3rd ed. 1992 (4): 105-111.

³ Braveman P, Egertson S, Pearl M, Marchi K, Miller C. Early discharge of newborns and mothers: a critical review of the literature. *Pediatrics* 1995 (in press).

ORGANIZATIONS WHICH HAVE ENDORSED S. 969, THE NEWBORNS' AND
MOTHERS' HEALTH PROTECTION ACT

American Medical Association
American College of Obstetricians and Gynecologists
American Academy of Pediatrics
Association of Women's Health, Obstetric, and Neonatal Nurses (AWHONN)
National Association of Neonatal Nurses
National Association for Home Care
Association of Maternal and Child Health Programs
The March of Dimes
American Association of University-Affiliated Programs
American Foundation for the Blind
American Speech Language Hearing Association
Brain Injury Association
Center on Disability and Health
Justice for All
National Association of the Deaf
National Association of People with AIDS
Research Institute for Independent Living
Spina Bifida Association of America
The Arc
National Easter Seal Society

ALASKA STATE

HOSPITAL & NURSING HOME

ASSOCIATION

March 28, 1996

Representative Con Bunde, Co-Chair
Representative Cynthia Toohey, Co-Chair
House HESS Committee
Capitol Building
Juneau AK 99801

Re: Support, SB 193
Insurance Cost of Birth

Dear Co-Chair and members of the House HESS Committee:

ASHNHA, representing community hospitals & nursing homes across Alaska asks your support of SB 193, requiring health insurance coverage for obstetrical care.

A debate is currently underway nationally on the issue of appropriate length of hospital stay for a mother and her newborn following delivery. Statistics show the average length of stay for all hospital deliveries nationwide in 1970 was 4.1 days. By 1992, the average had decreased to 2.6 days.

In Alaska, hospital administrators feel SB 193 is needed legislation even though the trend has been to release obstetrical patients and their newborns within 24 hours.

The cost of an additional day of obstetrical care can run from \$600 to a \$1,000.00. This can be a major cost impact to a young family and should be covered, when medically necessary, by health insurance.

Sincerely,



Harlan R. Knudson
President/CEO



ALASKA STATE MEDICAL ASSOCIATION

4107 Laurel Street • Anchorage, Alaska 99508-5334 • (907) 562-2662 • FAX (907) 561-2063

April 2, 1996

Senator Judith E. Salo
Alaska State Legislature
State Capitol
Juneau, AK 99801

Re: SB 193, postpartum hospital insurance coverage

Dear Senator Salo:

The Alaska State Medical Association supports SB 193 requiring health insurance policies to cover not less than 2 or 4 days of hospitalization following vaginal or C-section delivery, respectively.

In general, we do not favor "micromanaging" either medical care or insurance coverages; but we agree that many new mothers are not ready, medically or otherwise, to go home immediately after birthing. Therefore, your bill is entirely appropriate.

Sincerely,

A handwritten signature in cursive script that reads "Rodman Wilson".

Rodman Wilson, MD
Acting Executive Director

Campaign for
Healthier Babies

RE: SB193



Chapter Office and
Southcentral Division
255 E. Fairwood, Suite 102
Anchorage, AK 99503
(907) 276-4111
1-800-478-5245
Fax (907) 276-3375

Northern Division
1771 Falcon Drive
Fairbanks, AK 99712
(907) 456-6723
Fax (907) 456-2079

Coastal Division
150 Seward, Suite 204
Juneau, AK 99801
(907) 586-6962

April 11, 1996

Senator Judith Salo
Alaska State Senate

Dear Senator Salo:

I hope you have received our information packet on early hospital discharge of women and infants.

We strongly support your legislation, and have this addition to offer for your consideration:

Sec 2 (a) Every insurer shall provide notice to policyholders regarding the coverage required under this Act. The notice shall be transmitted at the earliest of either the next mailing to the policyholder, or January 1 of the year following the effective date of the Act.

Please let us know if there is anything we can do to assist with the passage of this legislation.

Sincerely,

Susan Sullivan
Chapter Director

Kaye Kanne, C.D.M.
P.O. Box 22707
Juneau, Alaska 99802

4/15/1996

Dear Legislator,

I am writing to express my support of SB 193 providing for mandatory insurance coverage of hospital stay following childbirth. While I attend home births myself, I feel that women choosing to give birth in the hospital should have the option of staying a few days after childbirth.

In my home birth practice I routinely make home visits on my clients every day for the first three days after birth, and weekly until 4 weeks postpartum, with the final visit being at 6 weeks. After a hospital birth a woman and baby are not usually seen until 10 days after birth and at 6 weeks.

The first few days after birth are very difficult for most new mothers and a time when women need the support of trained professionals to help with breastfeeding problems, normal baby care, and their own recovery. Many women are physically exhausted and some have the added discomfort of stitches. In cases of cesarean section a woman is recovering from major surgery. This time can be overwhelming to new mothers .

It has been shown that women who have the support of trained midwives or nurses to help with breastfeeding for the first few days after birth have greater success with breastfeeding which benefits the baby. Breastfed babies have fewer health problems than formula fed babies, saving thousands of healthcare dollars in the long term.

Extra care given to mothers and babies in the beginning makes good sense. After all, what could be a more precious resource?

Thank you,

Kaye Kanne, C.D.M.

HOUSE COMMITTEE REPORT

(7)
Date Referred to Committee: March 27, 1996

FURTHER REFERRALS: Labor and Commerce

Date of Committee Action: 4/11/96

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered: CSSB 193(L&C)

CS FOR SENATE BILL NO. 193(L&C) MANDATORY INSURANCE FOR COSTS OF BIRTH

"An Act requiring insurance coverage for certain costs of birth; and providing for an effective date."

recommends it be replaced with the following committee substitute HCS CS SB 193 (HES) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) _____ fiscal note(s) _____

zero fiscal note(s) _____ zero fiscal note(s) H+SS/2-21-96 (3)
CEO/2-21-96 All agencies 2-21-96

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>Tom L. Blum</i>	✓			✓
<i>John J. Kelly</i>			✓	
<i>Carl B. York</i>	✓			
<i>Bill Brown</i>			✓	
<i>James H. Hannon</i>	✓			
<i>Tom Blum</i>	✓			

CHAIR'S SIGNATURE *[Signature]*

Senator Judith E. Salo

Alaska State Legislature



Sponsor Statement

Senate Bill 193

I have introduced Senate Bill 193 to ensure that newborn babies and their mothers receive adequate health care in the critical first few days after birth. Complications that might jeopardize the health of the mother or child are best dealt with if there is an adequate postpartum hospitalization period. Birth is traumatic for both the child and the mother. That period of trauma is best handled in a controlled care environment.

It is now becoming common for health insurers to require mothers and their babies to leave the hospital 24 hours after an uncomplicated vaginal delivery and 72 hours after a cesarean section. In some states it is being reduced to 12 hours. In many cases the mother and infant receive no follow up care at home. The American Medical Association has dubbed these practices "drive through deliveries."

Sending a newborn and mother home within 24 hours could pose severe health risks. National medical organizations, including the American College of Obstetricians and Gynecologists, the American Academy of Pediatrics, and the American Medical Association have all stated that the trend toward shorter hospital stays is placing the health of many newborns and mothers at risk.

Senate Bill 193 will put a stop to these practices and require that health insurers allow new mothers and infants to remain in the hospital up to 48 hours for a vaginal birth and 96 hours for a cesarean section. Keep in mind that it does not require patients to stay in the hospital for the full time if the patient and physician agree to a shorter stay. This decision, as many in regard to medical care, is best made by the patient and physician.

South Anchorage • Lower Anchorage • Fairbanks • Bethel • Chitina • Delta Junction • Egegik • Galena • Homer • Kenai • Kodiak • Ketchikan • Ketchikan Gateway • Kotzebue • Kwigonko • Matanuska • Metlakatla • Nainina • Nikiski • Kalifornsky Beach

During Session: State
 Interim Anchorage: 716 W 4
 Interim Ken.

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TO: Cynthia
FROM: Ben
IN RE: insurance coverage for new mothers and babies
DATE: 25 March '96

Janet Keough at Aetna in Seattle (800 842 4866 or 206 426 2171) said that standard coverage, in the absence of limitations imposed by the plan sponsor (usually the employer) includes home health care. She said a mom and an infant discharged together, within 24 hours of birth, qualify for a follow-up home visit. If the mother and child are in the hospital longer than 24 hours after the birth, then a home follow-up is not covered as a necessary medical expense. If a condition merited it, the infant would qualify as a dependent for any further medically necessary services, such as medications & C. Similarly, the mother would be covered for new medical conditions as they arose, but not for any further 'maternity' coverage. Post-partum examinations (usually in an OB/GYN's office) are customarily covered in the 'global' fee for the delivery of a newborn.

QUALITY CARE OR DRIVE-THROUGH DELIVERIES?

By Kelly E. Perez

Diane Mensch had a quick labor and uncomplicated delivery, so she and baby Shimon went home the day after delivery. Her insurer does not pay for more than a 24-hour stay. Three days later Mensch detected a yellowish tint to her son's face. He had jaundice. She rushed him to a clinic, where Shimon recovered well. Untreated jaundice can cause mental retardation and brain damage. Mensch has no doubt that the problem would have been caught sooner if her insurer had paid for another hospital day.

The average length of a hospital stay for a new mother has dropped from 4.1 days in 1970 to 2.6 days in 1992.

Explanations abound as to the origins of what critics call "drive-through deliveries." Some say that they began as a consumer movement in the 1970s to shorten hospital stays, making childbirth more natural. Others say they are the result of attempts to decrease a newborn's contact with contagious diseases in the hospital. Whatever the reasons, critics say in the last five years the practice of early discharge has evolved into a push by insurers, typically health maintenance organizations (HMOs), to save money.

The average length of stay for hospital deliveries dropped from 4.1 days in 1970 to 2.6 days in 1992, according to the Centers for Disease Control and Prevention (CDC), and the decline continues. A few HMOs authorize only eight-hour postpartum stays.

Early discharge presents potential problems.

Providers and maternal and child health experts have divided the potential problems of early discharge into three categories:

- A new mother can face postpartum complications, breast feeding problems, and concerns over self care and baby care.
- Many infant problems such as jaundice, dehydration, fever and poor feeding do not occur in the first 24 hours. Follow-up is critical to an infant's safety. Early detection allows for less expensive treatment that can eliminate the need for readmission to the hospital for more costly therapy.
- Newborn screening requires a series of tests that can be invalidated by short stays.

Outpatient follow-up can be difficult and expensive. About 14 percent of women and 11 percent of newborns experience complications after they have been released from the hospital, according to the CDC.

State Action

Five states have mandated insurance coverage for postpartum hospital stays and set minimum time requirements. NEW MEXICO used a regulatory procedure through the state Corporation Commission. MARYLAND'S

Not So Fast, States Say

Enacted legislation or regulation: Maryland, Massachusetts, New Jersey, New Mexico, North Carolina

Pending legislation: California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Kentucky, Michigan, Minnesota, Missouri, New Hampshire, New York, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Washington, Washington, D.C., Wisconsin

Anticipated action: Arizona, Hawaii, Iowa, Kansas, Nebraska, Maine, Virginia

Source: NCSL

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