

SENATE BILL NO. 28

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY SENATORS ELLIS, Davis, Elton, French, Dyson

Introduced: 1/21/03

Referred: State Affairs, Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act amending the definition of group health insurance, and allowing the**
2 **Department of Administration to obtain a policy or policies of group health care**
3 **insurance for employers that are small businesses, nonprofit organizations, special**
4 **services organizations, or small associations for insurance purposes; and providing for**
5 **an effective date."**

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

7 *** Section 1.** The uncoded law of the State of Alaska is amended by adding a new section
8 to read:

9 FINDINGS AND INTENT. (a) The legislature has made the following findings
10 regarding the facts that support a group insurance policy for qualified entities:

11 (1) the latest United States Census data indicate that 19 percent of Alaskans
12 are uninsured;

13 (2) in 2000, about 700 companies were licensed to offer health insurance in

the state, about 250 companies wrote some form of health insurance in the state, and fewer than 114,000 Alaskans were covered under individual and group comprehensive health insurance policies written in the state;

(3) in 2000, 18 insurers wrote small employer health insurance in the state; 80 percent of small group policies are written by three health insurers;

(4) small businesses are having problems finding and keeping adequate insurance coverage for employees;

(5) nonprofit and special services organizations are having problems finding and keeping adequate insurance coverage for employees;

(6) nonprofit and special services organizations provide many services that government cannot supply; and

(7) adequate and stable health insurance is important to Alaskans;

(b) It is the intent of the legislature that this Act assist in providing access to adequate and stable health insurance for small businesses, nonprofit organizations, and special services organizations.

(c) The Department of Administration, in procuring the policy or policies permitted by this Act, should explore all options, including preferred provider organizations and lower cost options such as limited benefit and high deductible coverage.

* **Sec. 2.** AS 21.54.060 is amended by adding a new paragraph to read:

(7) under a policy or policies issued under AS 39.30.097.

* **Sec. 3.** AS 39.30 is amended by adding a new section to read:

Sec. 39.30.097. Procurement of group health care insurance policies for qualified entities. (a) The department may obtain a health care insurance policy or policies to cover a group of qualified entities.

(b) In procuring a health care insurance policy or policies under this section, the commissioner of administration shall comply with the procedure for obtaining policies of insurance under AS 39.30.090(a)(4) and (5).

(c) A qualified entity is eligible for coverage under (a) of this section if the qualified entity

(1) submits a written request for registration to the department; and

(2) receives written confirmation from the commissioner of

1 administration that the qualified entity is registered to participate.

2 (d) The request for registration submitted by a qualified entity under (c) of this
 3 section must contain a statement certifying that the entity meets the definition of a
 4 qualified entity under this section and that the entity agrees to pay the required
 5 premiums to the insurance company. The owner, a principal, or another legally
 6 qualified representative of the entity shall sign the statement under penalty of unsworn
 7 falsification and fraud. The department shall register an entity that submits a request
 8 for registration and meets the requirements of this subsection. The department shall
 9 maintain a list of entities registered to participate under this section and shall make the
 10 list available for public inspection.

11 (e) The department may not procure benefits under this section by means of
 12 self-insurance.

13 (f) In this section,

14 (1) "association for insurance purposes" means an association

15 (A) composed of businesses or nonprofit organizations or both;

16 and

17 (B) organized and operating in Alaska;

18 (2) "business" means a business

19 (A) located in Alaska;

20 (B) organized under the relevant provisions of the Alaska
 21 Statutes; if the form of business is not required to be organized under a statute,
 22 then the sole proprietor or joint venturers who own the business must be
 23 Alaska residents; and

24 (C) that employed an average of at least two but not more than
 25 50 eligible employees on the business days during the preceding calendar year
 26 and employs at least two eligible employees on the first day of a health benefit
 27 plan;

28 (3) "department" means the Department of Administration;

29 (4) "employee" has the meaning given in AS 21.54.500;

30 (5) "health care insurance" has the meaning given in AS 21.12.050;

31 (6) "nonprofit organization" means a nonprofit corporation,

1 association, club, or society organized and operating in Alaska exclusively for
 2 charitable, religious, scientific, or educational purposes or for the promotion of social
 3 welfare and that has received an exemption from the payment of federal income tax;

4 (7) "policy" has the meaning given in AS 21.90.900;

5 (8) "qualified entity" means a business, nonprofit organization,
 6 association for insurance purposes, or special services organization;

7 (9) "special services organization" means an entity, corporation, or
 8 nonprofit organization organized and operating in Alaska that is

9 (A) an entity, including a sole proprietorship and a corporation
 10 solely owned by one person,

11 (i) operating a child care facility that is licensed under
 12 AS 14.37;

13 (ii) operating a residential child care facility, child
 14 placement agency, foster home, or maternity home that is licensed
 15 under AS 47.35;

16 (iii) operating an assisted living home that is licensed
 17 under AS 47.33;

18 (iv) operating a community-based center for adult day
 19 care as that term is defined in AS 47.65.290; or

20 (v) providing home care services as defined in
 21 AS 47.65.290;

22 (B) a corporation incorporated under AS 10.20 that

23 (i) receives state grants to provide services; or

24 (ii) makes grants to other corporations incorporated
 25 under AS 10.20 that receive state grants to provide services; or

26 (C) a nonprofit organization, regardless of whether
 27 incorporated, whose primary purpose is to provide assistance to disadvantaged
 28 classes or groups.

29 * **Sec. 4.** The uncoded law of the State of Alaska is amended by adding a new section to
 30 read:

31 INITIAL COST RECOVERY. The commissioner of administration shall recover the

1 initial administrative costs of procuring group health care insurance policies as provided in
2 AS 39.30.097, added by sec. 3 of this Act, over a period of five years. The commissioner
3 shall fairly allocate the administrative costs among the qualified entities seeking coverage
4 under AS 39.30.097 based on the numbers of persons covered. The commissioner shall
5 distribute the administrative costs recovered pro rata to the funds from which initial funding
6 was made.

7 * **Sec. 5.** This Act takes effect immediately under AS 01.10.070(c).