

Sponsor Statement for CSHB 290 (L&C) Comprehensive Health Insurance Association

An Act relating to membership in the Comprehensive Health Insurance Association.

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Contact: Representative Norman Rokeberg at (907) 465-4968

House Bill 290 would expand the base of entities paying into the Alaska Comprehensive Health Insurance Association (“ACHIA”) and would include the State of Alaska an entity paying into that association.

ACHIA was established to provide access to health insurance to all residents of the state who are unable to find or are denied health insurance or who are considered uninsurable. It is also the coverage available to those federally eligible individuals under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The plan was first implemented in 1993 and is funded through premiums collected from insureds and assessments received from health insurers transacting business in Alaska. Prior to the time that the State of Alaska went to a self-insured status, the State was also a participant in providing funds to ACHIA (through assessments received from its health insurer). The effect of the Knowles’ Administration’s decision not to stay in ACHIA was to reduce ACHIA’s funding by approximately \$400,000 per year.

CSHB 290 (L&C) would require that to the extent permitted by federal law, all self-insured entities that provide major medical benefits would be contributing entities to ACHIA. This would include the State of Alaska. The legislation indicates that entities subject to a collective bargaining agreement in effect on the date of the legislation would not be impacted by this legislation until such time as a new agreement went into effect. This would permit unions, for example, to negotiate with employers for any increased costs. State employees, not covered by union agreements, would not see their cost for health insurance increase as this legislation provides that the State will provide funds above any set contribution amount to cover any ACHIA assessment.

At the end of December 2000, there were 395 insured individuals participating in ACHIA. As the insurer of last resort, it is necessary that we make sure that ACHIA remains viable and in place. During 2000, over \$2 million was collected in assessments from ACHIA members (those companies or entities who do business in Alaska and pay into ACHIA) and over \$1 million was collected in premiums from insured individuals. ACHIA paid out over \$3.9 million in claims expenses in that same year.

I urge your support of this legislation.

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