

Sponsor Statement for CSHB 315 (FIN) State Health Ins For Business/Nonprofits

An Act allowing employers that are small businesses, small nonprofit organizations, or small associations for insurance purposes to join state employee insurance coverage as a group; and providing for an effective date.

Released: May 1, 2002
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CSSSHB 315(FIN) would allow small businesses, small nonprofit organizations, special services organization or small associations for insurance purposes to join a group health insurance plan arranged by the State and thus provide coverage for their employees. The small business, nonprofit, or association would be responsible for the premiums due for the coverage of its employees.

In this legislation, small businesses are defined as entities with at least two and no more than fifty employees. The small business must be located in Alaska and organized under the relevant Alaska Statutes. An association for insurance purposes may be composed of Alaskan businesses and/or non-profits organized and operating in Alaska and are not limited in size. Non profit organizations are not limited in size by this legislation but they must be organized and operating in Alaska exclusively for charitable, religious, scientific, or educational purposes or for the promotion of social welfare and must have received an exemption from the payment of federal income tax. A special services organization is defined as an entity organized and operating in Alaska, including a sole proprietorship and a corporation solely owned by one person, that operates a licensed child care facility, residential child care facility, child placement agency, foster home, maternity home, assisted living home, community-based center for adult day care or an entity providing home care services as defined in statutes.

According to the Division of Insurance, one health insurance provider writes one-half of the private health insurance policies and three providers write a large percentage of small employer policies. The intent of this bill is to provide quality health insurance by creating a large pool of covered lives.

The legislation also permits the recovery of the initial costs for setting up the group. The cost recovery is to be spread over a five-year period.

I urge your support of this legislation.

ED05:05/01/02