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Alaska Reinsurance Program Receives One-Time Boost from Premera

December 1, 2017 ANCHORAGE – The Alaska Division of Insurance and Premera Blue Cross Blue Shield of Alaska (Premera) have entered into a memorandum of understanding that outlines a one-time \$25 million reimbursement to the Alaska Reinsurance Program (ARP). The Division of Insurance will direct the administrator of the ARP, the Alaska Comprehensive Health Insurance Association, to use the contribution from Premera to fund high-cost health insurance claims in the individual market.

Governor Walker praised the work of the Division of Insurance and Premera to come to an agreement that will support the ongoing stability of the individual health insurance market, “the success of the reinsurance program has driven insurance premiums the right direction – down. Because the 2017 claims were lower than anyone expected, this agreement will pass benefits back to Alaskans.”

Along with Medicaid expansion, the ARP has been one of the key factors in alleviating what had been skyrocketing rates in the individual health insurance market in Alaska; the average individual market plan costs have been reduced by over 20 percent for the 2018 plan year. The Alaska Legislature passed House Bill 374 in 2016, establishing the ARP. The legislature subsequently appropriated \$55 million to fund the program.

The implementation of the reinsurance program and a decrease in the overall claims submitted led to more favorable market conditions than either Premera or the division expected for the 2017 calendar year. The resulting reimbursement from Premera will provide additional support to Alaska’s individual health insurance market, continuing efforts to stabilize the tenuous market.

“Premera’s preliminary 2017 results are better than expected, which indicates that the market may be beginning to stabilize. However, with a small pool of Alaskans in the individual market, it is difficult to predict whether the trend will continue,” said Lori Wing-Heier, director of the Division of Insurance. “We will continue to work on additional measures to contain costs and increase enrollment numbers so that all eligible Alaskans can access affordable health insurance.”

The Division of Insurance is an agency housed within the Alaska Department of Commerce, Community and Economic Development (DCCED) tasked with protecting consumers in Alaska. For additional information about the division, visit <https://www.commerce.alaska.gov/web/ins/>. For information about DCCED and its other agencies, visit commerce.alaska.gov.

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