

Title 3. Commerce, Community, and Economic Development.

Part 2. Division of Insurance.

Chapter 31. Miscellaneous.

Article 4. Comprehensive Health Insurance Association Reinsurance Program.

3 AAC 31 is amended by adding new sections to read:

Section

500. Applicability

510. Association duties

520. Health care insurer duties and rules

530. Accounting and reporting

549. Definitions

3 AAC 31.500. Applicability. (a) A health care insurer may cede to the Comprehensive Health Insurance Association the risk associated with insuring an eligible individual who is issued a health care insurance plan in the individual market before January 1, 2014.

(b) Nothing in 3 AAC 31.500 – 3 AAC 31.549 requires a health care insurer to offer or issue a health care insurance plan in the individual market. (Eff. 2/2/2013, Register 205)

Authority: AS 21.06.090 AS 21.55.220 AS 21.55.400

3 AAC 31.510. Association duties. (a) The association shall establish administrative and accounting procedures for the operation of a reinsurance program under which a health care insurer may cede the risk of eligible individuals to the association.

(b) The association shall accept a risk ceded to it in compliance with 3 AAC 31.500 – 3 AAC 31.549 effective on the date coverage becomes effective with the health care insurer and shall continue to accept a risk ceded to it as long as the individual remains insured under the same health care insurance plan with the same health care insurer. (Eff. 2/2/2013, Register 205)

Authority: AS 21.06.090 AS 21.55.220 AS 21.55.400

3 AAC 31.520. Health care insurer duties and rules. (a) A health care insurer that offers coverage to an individual under 19 years of age may not limit, exclude, or deny coverage based on health status or preexisting condition.

(b) A health care insurer must comply with the requirements established by the association in order to cede a risk to the association.

(c) A health care insurer shall establish and follow standard underwriting rules for determining when the risk of an eligible individual is ceded to the association and may consider health information obtained through the underwriting process or through other health records or data lawfully available to the health care insurer for purposes of determining whether to cede the risk to the association.

(d) A health care insurer shall continue to administer and manage the policy for risk ceded to the association in accordance with the terms of the insurance policy and with the insurance law of this state.

(e) A health care insurer shall offer individuals that may be ceded to the association the same plans offered to other individuals.

(f) A health care insurer may not vary premium rates based on whether a risk is ceded to the association.

(g) If a health care insurer does not cede the risk of an eligible individual to the association and the individual applies for and is enrolled in a health care insurance plan that is more comprehensive than the original plan, the health care insurer may cede the risk of the covered individual to the association.

(h) Except as provided in (i) of this section, a health care insurer shall cede a risk to the association not later than 90 days after the effective date of the individual health care insurance plan.

(i) A health care insurer may cede a risk to the association later than 90 days after the effective date of the individual health care insurance plan only if

(1) the risk is ceded not later than six months after the effective date of the individual health care insurance plan;

(2) the health care insurer has identified an error in the information submitted with the application; and

(3) the error is such that the health care insurer initially would have ceded the risk according to the health care insurer's underwriting rules.

(j) A health care insurer shall continue to cede the risk of an individual who reaches 19 years of age or older to the association as long as the eligible individual remains insured under the same health care insurance plan. (Eff. 2/2/2013, Register 205)

Authority: AS 21.06.090 AS 21.55.220 AS 21.55.400

3 AAC 31.530. Accounting and reporting. (a) A health care insurer that cedes a risk to the association shall submit information required by the association, including

- (1) demographic information;
- (2) reported claims;
- (3) paid claims; and
- (4) paid premiums.

(b) A health care insurer shall forward all premiums to the association for each risk ceded to the association and may not retain any portion of the premium.

(c) A health care insurer must submit to the association claims incurred during an active period of coverage for a ceded risk not later than 12 months after the date of service in order to be eligible for reimbursement from the association.

(d) The premium for an individual ceded to the association covered as a dependent under a family policy in which the family policy does not have separately identifiable premiums for each dependent is the total premium for all dependents under 19 years of age divided by the number of dependents under 19 years of age.

(e) Payments collected by a health care insurer for third party liabilities, payments recovered for overpayments, and payments for commercial reinsurance recoveries must be reported to the association and processed according to requirements established by the association.

(f) A health care insurer may retain pharmacy rebates.

(g) The association shall retain all premiums it receives in excess of claims it pays for ceded risks and apply the excess premiums toward payment of future claims incurred by ceded risks. (Eff. 2/2/2013, Register 205)

Authority: AS 21.06.090 AS 21.55.220 AS 21.55.400

3 AAC 21.549. Definitions. In 3 AAC 31.500 – 3 AAC 31.549,

(1) “association” means the Comprehensive Health Insurance Association established under AS 21.55.010 – 21.55.060;

(2) “Comprehensive Health Insurance Association” means the nonprofit incorporated legal entity established under AS 21.55.010 – 21.55.060;

(3) “eligible individual” means an individual

(A) under 19 years of age who is issued an individual health care insurance plan;

(B) under 19 years of age who is covered as a dependent under a family health care insurance policy issued in the individual market; or

(C) who is a newly born child or a newly adopted child who is enrolled under an existing individual health care insurance plan under AS 21.42.345;

(4) “health care insurance plan” has the meaning given in AS 21.54.500;

(5) “health care insurer” has the meaning given in AS 21.54.500. (Eff. 2/2/2013, Register 205)

Authority: AS 21.06.090 AS 21.55.220 AS 21.55.400

AS 21.42.345