



History of ACHIA High-Risk Health Insurance Pool  
Prepared for Senate Finance  
June 2, 2016

Enacted in 1992, the Alaska Comprehensive Health Insurance Association (ACHIA) was created by the Alaska State Legislature to provide coverage for uninsurable residents through a state high-risk health insurance pool.

ACHIA allowed individuals who didn't have access to the group market (insurance through an employer or family member's employer), and who were denied coverage in the individual market because of a pre-existing medical condition, to obtain health insurance.

Premiums were set at 150 percent above the standard individual market rate.

If claims and pool expenses exceeded the premiums paid, assessments were made on health insurers transacting business in the state to cover those costs.

In 2006, the legislature amended AS 21.55 to allow insurers to offset 50 percent of the amount of any assessment as a premium tax credit, reducing the premium tax paid under AS 21.09.210.

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#### **Premium Tax**

Insurers pay premium tax in lieu of all other state taxes based on income; insurers do not pay corporate income tax in Alaska. This tax revenue is general fund money that the legislature may appropriate for any purpose.

#### **Division of Insurance Funding**

The receipts that fund the Division of Insurance include certificate of authority fees paid by insurers and license or registration fees paid by producers, brokers, adjusters, and others.

## Historical Eligibility for ACHIA

Any Alaska resident is eligible for the ACHIA plan if he or she:

- has received from at least one health insurer a notice of rejection for health insurance dated within the last six months;
- has received restrictive riders that substantially reduce coverage;
- has any of the conditions listed below:

Acquired Immune Deficiency Syndrome (AIDS)

Alzheimer's

Angina Pectoris

Anorexia Nervosa

Arteriosclerosis Obliterans

Artificial Heart Valve

Ascites

Brain Tumors

Cardiomyopathy

Cerebral Palsy

Chronic Pancreatitis

Cirrhosis of the Liver

Coronary Insufficiency

Coronary Occlusion

Crohn's Disease

Cystic Fibrosis

Dermatomyositis

Diabetes

Epilepsy

Friedreich's Disease

Heart Disorders

Hemophilia

Hepatitis C (Active)

HIV+

Hodgkin's Disease

Huntington's Chorea

Hydrocephalus

Intermittent Claudication

Kidney Failure

Lead Poisoning with Cerebral Involvement

Leukemia

Lupus Erythematosus Disseminate

Malignant Tumor (if treated or has occurred in last four years)

Mental Retardation

Metastatic Cancer

Motor or Sensory Aphasia

Multiple or Disseminated Sclerosis

Muscular Atrophy or Dystrophy

Myasthenia Gravis

Myotonia

Obesity - Morbid

Open Heart Surgery

Paraplegia or Quadriplegia

Parkinson's Disease

Peripheral Arteriosclerosis (if treated within last three years)

Poliomyelitis

Polycystic Kidney

Polyarteritis (periarteritis nodosa)

Postero-lateral Sclerosis

Psychotic Disorders

Rheumatoid Arthritis

Sickle Cell Anemia

Silicosis

Splenic Anemia (True Banti's Syndrome)

Still's Disease

Stroke (CVA)

Syringomyelia

Tabes Dorsalis (locomotor ataxia)

Thalassemia (Cooley's or Mediterranean Anemia)

Topectomy and Lobotomy

Ulcerative Colitis

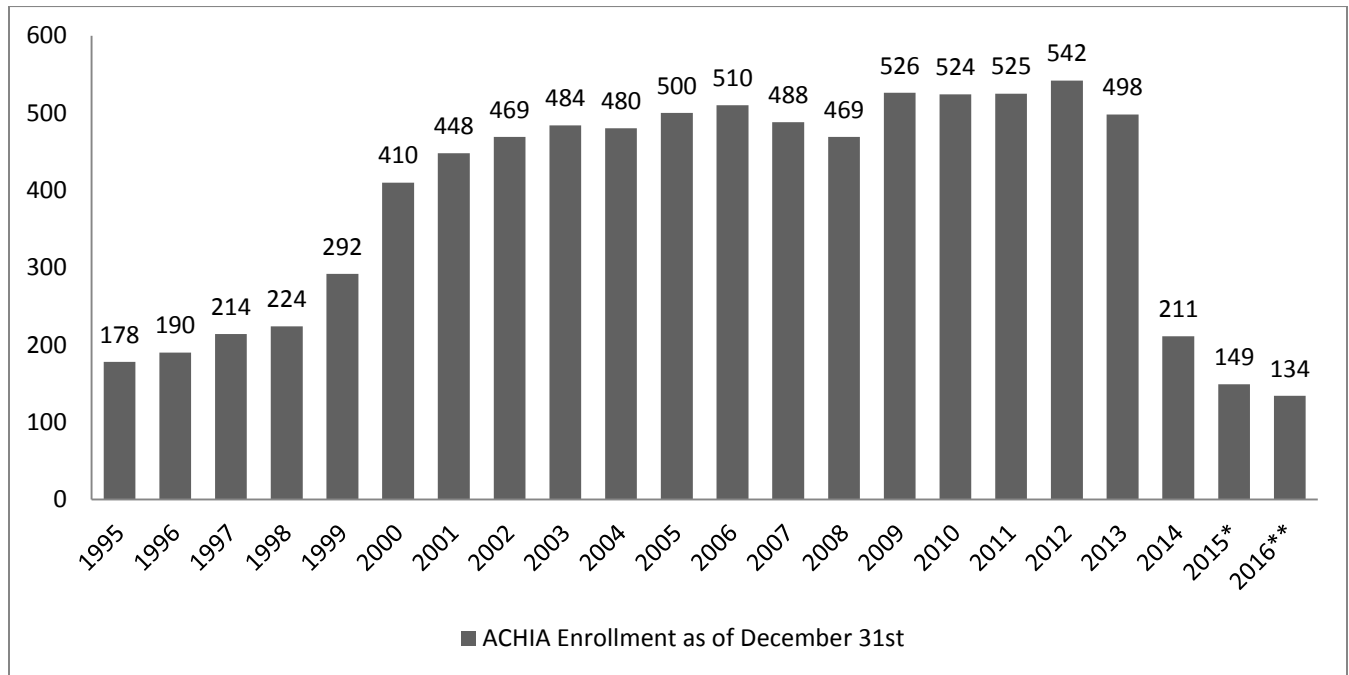
Wilson's Disease

Individuals covered by Medicare may still be eligible for coverage.

Effective July 1, 1997, a 'federally eligible individual' can purchase ACHIA coverage provided they are a resident of Alaska at the time of application. ACHIA is also available to those individuals who qualify under the federal Health Coverage Tax Credit program.

All data from ACHIA <http://www.achia.com> and ACHIA Annual Reports [http://www.achia.com/annual\\_reports.asp](http://www.achia.com/annual_reports.asp).

## ACHIA Total Enrollment



\*As of June 2015. 53.7% of enrollment is in Medicare Supplement plans.

\*\*As of May 2016.

At the beginning of 2014, there were 498 insureds on the plan. During the year, there were 330 terminations.

## ACHIA Enrollment by Zip Code

	2013	2014	Change
Anchorage Zip 995	246	102	58.5%
Zip 996	145	56	61%
Fairbanks Zip 997	56	22	61%
Juneau Zip 998	34	18	47%
Ketchikan Zip 999	17	13	23.5%

If HB374 is passed by the Alaska State Legislature ACHIA will now service two purposes. It will continue to act as it has since 1992, and beginning in January of 2017, enrollees in the individual market who have been diagnosed with certain claim conditions will be ceded to ACHIA. In this function, ACHIA will be the reinsurer of the primary insurer (i.e. Premiera).

Currently there are 495 enrollees that have been diagnosed with the following conditions:

HCC #	HCC
26	Mucopolysaccharidosis
70	Sickle Cell Anemia (Hb-SS)
112	Quadriplegic Cerebral Palsy
66	Hemophilia
75	Coagulation Defects and Other Specified Hematological Disorders
184	End Stage Renal Disease
118	Multiple Sclerosis
251	Stem Cell, Including Bone Marrow, Transplant Status/Complications
115	Myasthenia Gravis/Myoneural Disorders and Guillain-Barre Syndrome/Inflammatory and Toxic Neuropathy
10	Non-Hodgkin's Lymphomas and Other Cancers and Tumors
9	Lung, Brain, and Other Severe Cancers, Including Pediatric Acute Lymphoid Leukemia
8	Metastatic Cancer
247	Premature Newborns, Including Birthweight 2000-2499 Grams

These enrollees have claims that have cost the individual market approximately \$58,872,151. Under the HB374; these enrollees would be ceded to ACHIA meaning that their claims and premiums would be sent to ACHIA for administration and resolution upon diagnosis. Adjusting for medical trends and the premiums that would also be ceded; the net cost to ACHIA would \$51,005,403.

If the claims exceed the \$55M appropriated by the legislature, the claim would become the responsibility of the insurer again. To the enrollee, the process would be transparent and they would most likely not know that their claim was ceded to ACHIA as all claims management, etc. would be performed by the primary insurer.

Please note, that the exact operation of the program is to be defined by regulation which will begin once the bill has been enacted.