

## ALEC EXPOSED

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda—underwritten by global corporations—includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With **ALEC EXPOSED**, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

## ALEC's Corporate Board

--in recent past or present

- AT&T Services, Inc.
- centerpoint360
- UPS
- Bayer Corporation
- GlaxoSmithKline
- Energy Future Holdings
- Johnson & Johnson
- Coca-Cola Company
- PhRMA
- Kraft Foods, Inc.
- Coca-Cola Co.
- Pfizer Inc.
- Reed Elsevier, Inc.
- DIAGEO
- Peabody Energy
- Intuit, Inc.
- Koch Industries, Inc.
- ExxonMobil
- Verizon
- Reynolds American Inc.
- Wal-Mart Stores, Inc.
- Salt River Project
- Altria Client Services, Inc.
- American Bail Coalition
- State Farm Insurance

For more on these corporations, search at [www.SourceWatch.org](http://www.SourceWatch.org).

**DID YOU KNOW?** Corporations VOTED to adopt this. Through ALEC, global companies work as "equals" in "unison" with politicians to write laws to govern your life. Big Business has "a VOICE and a VOTE," according to newly exposed documents. **DO YOU?**

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### AFFORDABLE HEALTH INSURANCE ACT

#### Section 1.

Short Title. This Act may be cited as the "Affordable Health Insurance Act."

#### Section 2.

Insurers that include and operate wellness and health promotion programs, disease and condition management programs, health risk appraisal programs, and similar provisions in their high deductible health policies in keeping with federal requirements shall not be considered to be engaging in unfair trade practices under {insert appropriate provision of state law} with respect to references to the practices of illegal inducements, unfair discrimination, and rebating.

#### Section 3.

A. There shall be no required relationship between preferred provider and nonpreferred provider plan reimbursements for Health Savings Account eligible high deductible plans using nonpreferred provider reimbursements. Such plans, however, shall not:

1. Unfairly deny health benefits for medically necessary covered services;
2. Have differences in benefit levels payable to preferred providers compared to other providers that unfairly deny benefits for covered services;
3. Have a plan coinsurance percentage applicable to benefit levels for services provided by nonpreferred providers that is less than 60 percent of the benefit levels under the policy for such services; or
4. Have an adverse effect on the availability or the quality of services.

#### Section 4.

A. The Commissioner of Insurance shall be authorized to allow Health Reimbursement Arrangement only plans that encourage employer financial support of health insurance or health related expenses recognized under the rules of the federal Internal Revenue Service.

B. Health Reimbursement Arrangement only plans that are not sold in connection with or packaged with health insurance coverage shall not be considered insurance under the laws of this state.

C. Individual health insurance policies funded through Health Reimbursement Arrangement only plans shall not be considered employer sponsored or group coverage under the laws of this state, and nothing in this Section shall be interpreted to require an insurer to offer an individual health insurance policy for sale in connection with or packaged with a Health Reimbursement Arrangement only plan or to accept premiums from Health Reimbursement Arrangement only plans for individual health insurance policies.

#### Section 5.

In addition to other deductions allowed by law, a taxpayer in this state may deduct from his or her taxable income for state income tax purposes an amount equal to 100 percent of the premium paid by the taxpayer during the taxable year for high deductible health plans which are eligible to be used with a Health Savings Account under the applicable provisions of Section 223 of the Internal Revenue Code to the extent the deduction has not been included in federal adjusted gross income, as defined under the Internal Revenue Code of 1986, and the expenses have not been provided from a Health Reimbursement Arrangement and have not been included in itemized nonbusiness deductions that shall be excluded from such taxpayer's taxable income.

#### Section 6.

A. As used in this Section, the following definitions apply:

1. "Qualified health insurance" means a high deductible health plan that includes, at a minimum, catastrophic health care coverage which is eligible to be used with a Health Savings Account under the applicable provisions of Section 223 of the Internal Revenue Code.
2. "Qualified health insurance expense" means the expenditure of funds of at least \$250.00 annually for health insurance premiums for qualified health insurance.

Did you know that big pharma company Bayer Healthcare was the corporate co-chair in 2011?

3. "Taxpayer" means an employer who employs directly, or who pays compensation to individuals whose compensation is reported on Form 1099, 50 or fewer persons and for whom the taxpayer provides high deductible health plans that include, at a minimum, catastrophic health care coverage which are established and used with a Health Savings Account under the applicable provisions of Section 223 of the Internal Revenue Code and in which such employees are enrolled.

B. A taxpayer shall be allowed a credit against the income tax imposed by {insert applicable tax provisions for income tax of employers}, as applicable, for qualified health insurance expenses in an amount of \$250.00 for each employee enrolled for twelve consecutive months in a qualified health insurance plan if such qualified health insurance is made available to all of the employees and compensated individuals of the employer pursuant to the applicable provisions of Section 125 of the Internal Revenue Code.

C. In no event shall the total amount of the tax credit under this section for a taxable year exceed the taxpayer's income tax liability. Any unused tax credit shall be allowed the taxpayer against succeeding years' tax liability. No such credit shall be allowed the taxpayer against prior years' tax liability.

D. The {insert title of appropriate taxing authority} shall be authorized to promulgate any rules and regulations necessary to implement and administer the provisions of this Section.

E. The credit allowed by this Section shall apply only with regard to qualified health insurance expenses.

#### **Section 7.**

*[Drafting Note: This Section should be used as language for exemption from the insurance premium tax, if state or local governments have such a tax.]*

A. Insurers in this state shall be exempt from otherwise applicable state taxes on insurance premiums paid by residents of this state for high deductible health plans eligible to be used with a Health Savings Account under the applicable provisions of Section 223 of the Internal Revenue Code.

#### **Section 8.**

It is the intent of the legislature:

A. To authorize the Commissioner of Insurance to establish flexible guidelines for Health Savings Account eligible high deductible plan designs which will be affordable to citizens of this state and to increase the availability of these types of plans by accident and sickness insurers licensed to transact such insurance in this state;

B. To encourage the offering of affordable Health Savings Account eligible high deductible plans, as required under the rules of the federal Internal Revenue Service related to the establishment of Health Savings Accounts, with the specific intent of reaching many otherwise uninsured citizens of this state and the general intent of creating affordable comprehensive health insurance for all citizens of this state; and

C. To enhance the affordability of insurance with the flexible Health Savings Account eligible high deductible plans allowed under {insert appropriate chapter} by allowing rewards and incentives for participation in and adherence to health behaviors that recognize the value of the personal responsibility of each citizen to maintain good health, seek preventive care services, and comply with approved treatments.

#### **Section 9.**

A. The Commissioner of Insurance shall develop flexible guidelines for coverage and approval of Health Savings Account eligible high deductible plans which are designed to qualify under federal and state requirements as high deductible health plans for use with Health Savings Accounts which comply with federal requirements under the applicable provisions of the federal Internal Revenue Code for high deductible health plans sold in connection with Health Savings Accounts.

B. The Commissioner of Insurance shall be authorized to encourage and promote the marketing of Health Savings Account eligible high deductible plans by accident and sickness insurers in this state; provided, however, that nothing in this section shall be construed to authorize the sale of insurance in violation of the requirements of law relating to the transaction of insurance in this state or prohibiting the interstate sale of insurance.

C. The Commissioner of Insurance shall be authorized to conduct a national study of Health Savings Account eligible high deductible plans available in other states and to determine if and how these products serve the uninsured and if they should be made available to the citizens of this state.

D. The Commissioner of Insurance shall be authorized to develop an automatic or fast track approval process for Health Savings Account eligible high deductible plans already approved under the laws and regulations of this state or other states.

E. The Commissioner of Insurance shall be authorized to promulgate such rules and regulations as he or she deems necessary and appropriate for the design, promotion, and regulation of Health Savings Account eligible high deductible plans, including rules and regulations for the expedited review of standardized policies, advertisements and

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solicitations, and other matters deemed relevant by the Commissioner.

**Section 10.**

Effective Date. Sections 8, 9, and 10 of this Act shall become effective on {insert date} and shall be applicable to all taxable years beginning on and after that date. The remaining Sections of this Act shall become effective on {insert date}.

*Passed by the Health and Human Services Task Force on July 31, 2008.*

*Amended by the Health and Human Services Task Force on December 6, 2008.*

*Approved by the Board of Directors on January 14, 2009.*

**About Us and ALEC EXPOSED.** The Center for Media and Democracy reports on corporate spin and government propaganda. We are located in Madison, Wisconsin, and publish [www.PRWatch.org](http://www.PRWatch.org), [www.SourceWatch.org](http://www.SourceWatch.org), and now [www.ALECexposed.org](http://www.ALECexposed.org). For more information contact: [editor@prwatch.org](mailto:editor@prwatch.org) or 608-260-9713.