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Wallace
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CS FOR HOUSE BILL NO. 203( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE KELLER BY REQUEST

A BILL

FOR AN ACT ENTITLED

"An Act relating to payment or reimbursement of health care insurance claims."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 21.51.120(a) is amended to read:

(a) A health insurance policy delivered or issued for delivery must contain the following provisions:

(1) indemnity for loss of life shall be paid according to the beneficiary designation and payment provisions contained in the policy that are effective at the time of payment; if a beneficiary has not been designated, indemnity shall be paid to the estate of the insured; accrued indemnities unpaid at the insured's death shall be paid to either the beneficiary or the estate, at the option of the insurer; all other indemnities shall be paid to the insured;

(2) the insurer may, and upon written request of the insured shall, pay indemnities for **out-of-network** hospital [, NURSING, MEDICAL, DENTAL, OR SURGICAL] services directly to the **out-of-network hospital** [PROVIDER OF THE SERVICES]; an insurer who pays indemnities to an insured, after the insured has

given the insurer written notice in the proof of loss statement of an election of direct payment of indemnities to the **out-of-network hospital** [PROVIDER OF THE SERVICES], shall also pay indemnities to the **out-of-network hospital** [PROVIDER OF THE SERVICES]; this paragraph does not require that services be provided by a particular hospital or person;

(3) a covered person may revoke an election of direct payment of indemnities made under **(2) of** this subsection by giving written notice of the revocation to the insurer and to the provider of the services; the written notice of revocation given to the insurer must certify that the covered person has given written notice of revocation to the provider of the services; revocation of an election of direct payment is not effective until the notice of revocation is received by the insurer and the provider of the services;

(4) the right of the insured to request payment of indemnities for **out-of-network** hospital [, NURSING, MEDICAL, DENTAL, OR SURGICAL] services directly to the **out-of-network hospital** [PROVIDER OF THE SERVICES] or to another person may be transferred to a person who is not the insured by a qualified domestic relations order; rights under the qualified domestic relations order do not take effect until the order is received by the insurer; in this paragraph, "qualified domestic relations order" means an order or judgment in a divorce or dissolution action under AS 25.24 that designates a person to determine to whom indemnities for a named beneficiary should be paid under a health insurance policy**;**

(5) except as provided in (2) of this subsection, a health care insurer shall pay amounts due under a health insurance policy for covered services rendered by an out-of-network provider by check made out to both the provider and the covered person as joint payees, requiring endorsement by both the provider and the covered person; a health insurance policy may not contain a provision that requires services be provided by a particular hospital or person, except as applicable to a health maintenance organization under AS 21.86; a health care insurer shall reimburse the covered person for payments made by the covered person to the provider if the covered person provides, as part of the claim, clear and convincing evidence that the covered person has paid the

provider for the covered services; nothing in this paragraph precludes a health care insurer from voluntarily making payment to an out-of-network provider in the single name of the provider.

*** Sec. 2.** AS 21.54.020(a) is amended to read:

(a) On the written request of a covered person, a health care insurer shall pay amounts due under a health insurance policy directly to **an out-of-network hospital** [THE PROVIDER OF MEDICAL CARE SERVICES]. A health insurance policy may not contain a provision that requires services be provided by a particular hospital or person, except as applicable to a health maintenance organization under AS 21.86. If a health care insurer makes a claim payment to the covered person after the covered person has given written notice electing direct payment to the **out-of-network hospital** [PROVIDER OF THE SERVICE], the health care insurer shall also pay that amount to the **out-of-network hospital** [PROVIDER OF THE SERVICE].

*** Sec. 3.** AS 21.54.020(b) is amended to read:

(b) A covered person may revoke an election of direct claim payment made under (a) of this section by giving written notice of the revocation to the health care insurer and to the **out-of-network hospital** [PROVIDER OF THE SERVICE]. The written notice of revocation to the health care insurer must certify that the covered person has given written notice of revocation to the **out-of-network hospital** [PROVIDER OF THE SERVICE]. Revocation of direct claim payment is not effective until the later of the date the health care insurer received the notice of revocation or the date the provider of the service received the revocation.

*** Sec. 4.** AS 21.54.020 is amended by adding a new subsection to read:

(e) Except as provided in (a) of this section, a health care insurer shall pay amounts due under a health insurance policy for covered services rendered by an out-of-network provider by check made out to both the provider and the covered person as joint payees, requiring endorsement by both the provider and the covered person. A health insurance policy may not contain a provision that requires services be provided by a particular hospital or person, except as applicable to a health maintenance organization under AS 21.86. A health care insurer shall reimburse the covered person for payments made by the covered person to the provider if the covered person

provides, as part of the claim, clear and convincing evidence that the covered person has paid the provider for the covered services. Nothing in this subsection precludes a health care insurer from voluntarily making payment to an out-of-network provider in the single name of the provider.