

SENATE CS FOR CS FOR HOUSE BILL NO. 325(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 4/20/00

Referred: Rules

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to priorities, claims, and liens for payment for certain medical
2 services provided to medical assistance recipients; and providing for an effective
3 date."

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

5 * **Section 1.** AS 34.35.460 is amended by adding a new subsection to read:

6 (b) A hospital or the owner or operator of a hospital, or a physician or licensed
7 special nurse who files a notice of lien under (a) of this section for hospitalization or
8 services provided to a recipient of medical assistance under AS 47 shall mail a copy
9 of the notice of lien to the unit of the Department of Health and Social Services that
10 administers medical assistance for needy persons under AS 47. The copy must be sent
11 by certified mail no later than 30 days after the filing of the notice of lien under (a)
12 of this section.

13 * **Sec. 2.** AS 34.35 is amended by adding a new section to read:

14 **Sec. 34.35.481. Priority of liens.** A lien perfected by the Department of

1 Health and Social Services under AS 47.05.075 has priority immediately after a lien
 2 perfected by a hospital, nurse, or physician under AS 34.35.450 - 34.35.480.

3 * **Sec. 3.** AS 44.77.015(a) is amended to read:

4 (a) For the purposes of filing claims for medical services provided under
 5 AS 47.07 or AS 47.25.120 - 47.25.300, "promptly," in AS 44.77.010(a), means [(1)
 6 **WITHIN SIX MONTHS AFTER THE DATE OF SERVICE, OR AS PROVIDED IN**
 7 (b) **OF THIS SECTION, IF THERE IS NO THIRD-PARTY CLAIM, OR (2)]** within
 8 12 months after the date of service **or as provided in (b) of this section** [IF THERE
 9 IS A THIRD-PARTY CLAIM]. Except as provided in (c) of this section, a claim may
 10 not be paid if it is not filed promptly; an inference to the contrary may not be drawn
 11 from AS 09.10.053, AS 09.50.250 - 09.50.300, or AS 37.25.010.

12 * **Sec. 4.** AS 44.77.015(b) is amended to read:

13 (b) In accordance with (a) of this section, a claim may be considered to be
 14 filed promptly if (1) the claim was filed more than **12** [SIX] months after the date of
 15 service because the medical provider had reason to believe that the beneficiary was
 16 ineligible for service under AS 47.07 or AS 47.25.120 - 47.25.300; (2) a court of
 17 competent jurisdiction or an administrative hearing officer finds that the beneficiary
 18 was eligible for service under AS 47.07 or AS 47.25.120 - 47.25.300 on the date of
 19 service; and (3) the claim is filed within **12** [SIX] months after the date that the court
 20 or administrative finding is rendered. The beneficiary is responsible for notifying the
 21 medical provider of the judicial or administrative finding. The department shall make
 22 a good faith effort to notify the medical provider of the judicial or administrative
 23 finding if the department has reason to believe that services have been provided to the
 24 beneficiary.

25 * **Sec. 5.** AS 44.77.015(c) is amended to read:

26 (c) The commissioner of health and social services may authorize payment to
 27 a medical provider of a claim not promptly filed, upon good cause shown.
 28 [PAYMENTS UNDER THIS SUBSECTION MAY NOT EXCEED 50 PERCENT OF
 29 THE ALLOWABLE CHARGES PRESENTED IN THE CLAIM.]

30 * **Sec. 6.** AS 47.05.070(b) is amended to read:

31 (b) If the department provides or pays for medical assistance for injury or

1 illness under this title, the department is subrogated to the rights of the recipient of that
 2 medical assistance for any claim arising from the injury or illness and to the proceeds
 3 of an insurance policy covering the injury or illness to the extent of the value of the
 4 medical assistance provided. A recipient of medical assistance or the recipient's
attorney must notify the department in writing of any action or claim against a
third-party payor if medical assistance was provided by the department to treat
an injury or illness for which the third party may be liable. Notwithstanding the
assertion of any action or claim by the recipient of medical assistance, the
department may bring an action in the superior court against an alleged third-
party payor to recover an amount subrogated to the department for medical
assistance provided on behalf of a recipient.

12 * **Sec. 7.** AS 47.05.070(c) is amended to read:

13 (c) If a recipient of medical assistance under this title settles a claim or obtains
 14 an award or judgment arising from the injury or illness for which the medical
 15 assistance was received, the amount of the claim to which the department is
entitled under (b) of this section shall be reduced by a pro rata share of the
[DEPARTMENT SHALL REIMBURSE THE RECIPIENT FOR] attorney fees and
litigation costs [COMMENSURATE WITH THE AMOUNT OF THE SETTLEMENT,
AWARD, OR JUDGMENT TO WHICH THE DEPARTMENT IS ENTITLED
UNDER (b) OF THIS SECTION]. Regardless of the manner in which the amount of
 21 the attorney fees is derived in the particular case, the pro rata reduction of the
subrogated claim for [,] reimbursement of attorney fees shall be calculated in
 23 accordance with the applicable rules of court governing the award of attorney fees in
 24 civil matters.

25 * **Sec. 8.** AS 47.05.070 is amended by adding new subsections to read:

26 (e) Notwithstanding (b) of this section, the department may waive the
 27 subrogation rights to all or part of the amount of medical assistance paid on behalf of
 28 a recipient of medical assistance in cases of undue hardship.

29 (f) The department may adopt regulations to interpret and implement this
 30 section.

31 * **Sec. 9.** AS 47.05 is amended by adding a new section to read:

20 (d) A perfected lien under this section has priority immediately after a lien
21 perfected by a hospital, nurse, or physician under AS 34.35.450 - 34.35.480.

22 * **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section
23 to read:

24 APPLICABILITY. (a) Sections 3 - 5 of this Act apply to all claims for medical
25 services provided under AS 47 to a recipient of medical assistance that are submitted to the
26 Department of Health and Social Services on or after the effective date of this Act.

27 (b) Except as provided in (a) of this section, this Act applies to all claims for medical
28 services that are provided under AS 47 to a recipient of medical assistance on or after the
29 effective date of this Act.

30 * Sec. 11. This Act takes effect immediately under AS 01.10.070(c).