

CS FOR SENATE BILL NO. 45(HSS)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - FIRST SESSION

BY THE SENATE HEALTH AND SOCIAL SERVICES COMMITTEE

Offered: 2/24/23

Referred: Labor & Commerce

Sponsor(s): SENATORS WILSON, Hughes, Myers

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to insurance; relating to direct health care agreements; and relating to**
2 **unfair trade practices."**

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

4 *** Section 1.** AS 21.03 is amended by adding a new section to read:

5 **Sec. 21.03.025. Direct health care agreements.** (a) A health care provider or
6 health care business and a patient or the representative of a patient may enter into a
7 direct health care agreement. A patient is not eligible to enter into a direct health care
8 agreement under this section if the patient is eligible to receive assistance under
9 AS 47.07 (Medical Assistance for Needy Persons) or AS 47.08 (Assistance for
10 Catastrophic Illness and Chronic or Acute Medical Conditions).

11 (b) A direct health care agreement must

12 (1) describe the health care services that the health care provider or
13 health care business makes available to the patient in exchange for payment of a
14 periodic fee and each location at which the health care services are available;

1 (2) specify

2 (A) the amount of the periodic fee a patient or the
3 representative of a patient pays in exchange for the health care services that the
4 health care provider or health care business makes available to the patient;

5 (B) the period covered by the periodic fee under (A) of this
6 paragraph; and

7 (C) additional fees that the health care provider or health care
8 business may charge in addition to the periodic fee, including cancellation
9 fees;

10 (3) identify and include contact information for a representative of the
11 health care provider or health care business that is responsible for receiving and
12 addressing

13 (A) a complaint made by a patient relating to the agreement;
14 and

15 (B) a request made by a patient to amend the agreement,
16 including a patient's request to change the name of the representative of the
17 patient or the patient's mailing address, physical address, telephone number,
18 electronic mail address, or other personal information;

19 (4) prominently state that the agreement is not health insurance and
20 does not meet an individual or other health insurance mandate that may be required by
21 federal law; and

22 (5) prominently state that the patient is not entitled to the protections
23 under AS 21.07 (Patient Protections Under Health Care Insurance Policies) or
24 AS 21.36 (Trade Practices and Frauds).

25 (c) A patient or the representative of a patient may terminate a direct health
26 care agreement in writing within 30 days after entering into the agreement. If a patient
27 or representative terminates an agreement under this subsection, the health care
28 provider or health care business shall, not later than 30 days after the patient or
29 representative terminates the agreement, refund to the patient or representative
30 payments made under the agreement, less payments made for services the health care
31 provider or health care business has already performed that are not included in the

1 periodic fee.

2 (d) A health care provider or health care business may immediately terminate
3 a direct health care agreement if

4 (1) a patient's behavior threatens the safety of the health care provider,
5 the staff of the health care provider or health care business, or other patients of the
6 health care provider or health care business;

7 (2) a patient engages in disrespectful, derogatory, or prejudiced
8 behavior that is within the patient's control and the patient does not stop the behavior
9 even after the health care provider or the staff of the health care provider or health care
10 business requests the patient to stop the behavior; or

11 (3) a patient or the representative of a patient breaches the terms of the
12 agreement.

13 (e) A patient or the representative of a patient may immediately terminate a
14 direct health care agreement if a health care provider or a health care business
15 breaches the terms of the agreement.

16 (f) A health care provider or health care business may not change the periodic
17 fee under the agreement more than once a year and shall provide at least 45 days'
18 written notice of a change in the periodic fee. If a health care provider or health care
19 business increases the amount of the periodic fee, a patient or the representative of a
20 patient may terminate the agreement by providing to the health care provider or health
21 care business written notice of the termination not later than the day before the date on
22 which the change to the periodic fee is scheduled to take effect.

23 (g) Except as otherwise provided in this section and in AS 45.45.915, a health
24 care provider, a health care business, a patient, or the representative of a patient may
25 terminate a direct health care agreement for any reason in writing after at least 30
26 days' notice.

27 (h) A health care provider or health care business may charge a termination
28 fee only for termination of an agreement by a patient or the representative of a patient
29 under (c) or (g) of this section. The termination fee may not exceed an amount equal to
30 one month's cost of the periodic fee.

31 (i) Upon termination of an agreement under (f) or (g) of this section, the

1 patient shall pay the health care provider or health care business the periodic fee,
2 prorated through the date of termination of the agreement, and any additional fees for
3 services the health care provider or health care business has already performed that are
4 not included in the periodic fee.

5 (j) A health care provider or health care business may bill a patient or the
6 representative of a patient for the periodic fee only after the end of the period to which
7 the periodic fee applies.

8 (k) A patient's employer may pay the periodic fee and additional fees the
9 patient owes a health care provider or health care business under a direct health care
10 agreement. A payment by the employer under this subsection does not constitute
11 engaging in the business of insurance or underwriting in this state, and the employer is
12 not an insurer, a health maintenance organization, a health care insurer, or a medical
13 service corporation by virtue of the payment.

14 (l) A direct health care agreement and health care services provided under a
15 direct health care agreement are not subject to AS 21.07 (Patient Protections Under
16 Health Care Insurance Policies) or AS 21.36 (Trade Practices and Frauds), but are
17 subject to other consumer protection statutes and regulations, including AS 45.45.915.

18 (m) Offering or executing a direct health care agreement does not constitute
19 engaging in the business of insurance or underwriting in this state, and, except as
20 provided in this section, a direct health care agreement and health care services
21 provided under a direct health care agreement are exempt from regulation by the
22 division under this title. A direct health care agreement is not insurance, health
23 insurance, health care insurance, or a health care insurance policy. A health care
24 provider or health care business is not an insurer, a health maintenance organization, a
25 health care insurer, or a medical service corporation by virtue of the offering or
26 execution of a direct health care agreement or the provision of health care services
27 under a direct health care agreement. A certificate of authority or license to market,
28 sell, or offer to sell a direct health care agreement or health care services under a direct
29 health care agreement is not required to offer or execute a direct health care agreement
30 or provide health care services under a direct health care agreement.

31 (n) In this section,

1
2 (1) "direct health care agreement" means a written agreement between
3 a health care provider or health care business and a patient or the representative of a
4 patient to provide health care services in exchange for payment of a periodic fee;

5 (2) "health care business" means a business licensed by the state that is
6 entirely owned by health care providers;

7 (3) "health care insurance" has the meaning given in AS 21.12.050(b);

8 (4) "health care insurer" has the meaning given in AS 21.54.500;

9 (5) "health care provider" has the meaning given in AS 21.07.250;

10 (6) "health care service"

11 (A) means a health care service or procedure that is provided in
12 person or remotely by telemedicine or other means by a health care provider
13 for the care, prevention, diagnosis, or treatment of a physical or mental illness,
14 health condition, disease, or injury;

15 (B) does not include "emergency services" as defined in
16 AS 21.07.250;

17 (7) "health insurance" has the meaning given in AS 21.12.050;

18 (8) "health maintenance organization" has the meaning given in
19 AS 21.86.900;

20 (9) "medical service corporation" has the meaning given in
21 AS 21.87.330.

22 * **Sec. 2.** AS 45.45 is amended by adding a new section to read:

23 **Sec. 45.45.915. Direct health care agreements.** (a) A health care provider or
24 health care business may not decline to enter into a direct health care agreement with a
25 new patient or terminate a direct health care agreement with an existing patient solely
26 because of the patient's race, religion, color, national origin, age, sex, physical or
27 mental disability, marital status, change in marital status, pregnancy, parenthood, or
28 any other characteristic of a class of persons protected by a state law that prohibits
29 discrimination.

30 (b) A health care provider or health care business may decline to enter into a
31 direct health care agreement with a new patient if the health care provider or health

1 care business

2 (1) is unable to provide to the patient the health care services the
3 patient requires; or

4 (2) does not have the capacity to accept new patients.

5 (c) A health care provider or health care business may terminate a direct
6 health care agreement with an existing patient based on the patient's health status only
7 if the health care provider is unable to provide to the patient the health care services
8 the patient requires or in accordance with AS 21.03.025.

9 (d) A health care provider or health care business may not make, publish,
10 disseminate, circulate, broadcast, or place before the public, or cause, directly or
11 indirectly, to be made, published, disseminated, circulated, broadcast, or placed before
12 the public, in a newspaper, magazine, or other publication, or in the form of a notice,
13 circular, pamphlet, letter, or poster, or over a radio or television station, or in any other
14 way, an advertisement, announcement, or statement containing an assertion,
15 representation, or statement that is untrue, deceptive, or misleading with respect to

16 (1) the terms of or the benefits or advantages provided by a direct
17 health care agreement;

18 (2) the characterization of a direct health care agreement, including the
19 characterization of a direct health care agreement as health insurance or an alternative
20 to health insurance;

21 (3) the business of a direct health care agreement.

22 (e) In this section,

23 (1) "direct health care agreement" has the meaning given in
24 AS 21.03.025(n);

25 (2) "health care business" has the meaning given in AS 21.03.025(n);

26 (3) "health care provider" has the meaning given in AS 21.07.250;

27 (4) "health care service" has the meaning given in AS 21.03.025(n);

28 (5) "health insurance" has the meaning given in AS 21.12.050.

29 * **Sec. 3.** AS 45.50.471(b) is amended by adding a new paragraph to read:

30 (58) violating AS 45.45.915 (direct health care agreements).