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Sectional Analysis

Senate Bill 45 v. U

"An act relating to insurance; relating to direct health care agreements; and relating to unfair trade practices."

Section 1: Adds a new section (.025 Direct health care agreements) to AS 21 (Insurance) .03 (Scope of Code).

Section (a), page 1, line 5, through 10: Allows a provider and a patient to enter into a direct health care agreement. This section also stipulates that Medicaid recipients under AS 47.47 and those receiving assistance for catastrophic illness and chronic or acute medical conditions under AS 47.08 are not eligible to enter a DHCA.

Section (b), page 1, line 11, through page 2, line 24: Specifies what a DHCA must contain.

- (1)** It must describe the services a patient is entitled to for payment of a periodic fee.
- (2)** It must specify: the amount of the periodic fee, the length of period the fee covers, any additional fees the provider or business may charge.
- (3)** It must include contact information for a representative of the provider or business that is responsible for patient complaints and for patients request to amend the agreement.
- (4)** It must state that the agreement is not health insurance.
- (5)** Prominently state that the patient is not entitled to protections under Patient Protections Under Health Care Insurance Policies or Trade Practices and Frauds (AS 21.07 and 21.36 respectively).

Section (c), page 2, line 25, through page 3, line 1: Specifies that a patient may terminate an agreement within 30 days. Requires any fees and payments, less payments made for services the health care provider has already performed that are not included in the periodic fee.

Section (d), page 3, line 2 - 12: Sets terms by which a health care provider may immediately terminate a DHCA.

Section (e), page 3, line 13 - 15: Specifies that a patient may terminate a DHCA immediately if a provider violates the terms of the agreement.

Section (f), page 3, line 16 - 22: Specifies that a provider may change the fee up to once a year, only with a written 45-day notice. A patient may cancel within those 45 days with no penalty.

Section (g), page 3, line 23 - 26: Specifies that a patient or provider can terminate an agreement with at least 30 days' notice.

Section (h), page 3, line 27 - 30: Specifies that a provider may charge a termination fee if the patient cancels under (c) or (g).

Section (i), page 3, line 31, through page 4, line 4: Specifies that a patient must pay the periodic fee, prorated through the date of termination if they cancel under (f) or (g).

Section (j), page 4, line 5 - 7: Specifies that the patient is billed by the provider at the end of the period covered by the fee.

Section (k), page 4, line 8 - 13: Allows an employer to pay the periodic fee on behalf of an employee. This does not mean the employer is a health insurance provider or business.

Section (l), page 4, line 14 - 17: Specifies that a DHCA is not subject to AS 21.07 (Patients Protections Under Health Care Insurance Policies) or AS 21.36 (Trade Practices and Frauds) but is subject to other consumer protections and regulations.

Section (m), page 4, line 18 - 30: Specifies that a DHCA is not insurance and is not regulated as such.

Section (n), page 4, line 31, through page 5, line 21:

Defines: direct health care agreement, health care business, health care insurance, health care insurer, health care provider, health care service, health insurance, health maintenance organization, and medical services corporation.

Section 2: Adds a new section (.915 Direct health care agreements) to AS 45 (Trade and Commerce) .45 (Trade Practices).

Section (a), page 5, line 22 - 29: Specifies that a provider may not decline to enter or terminate a DHCA solely based on a patient's status within a protected class.

Section (b), page 5, line 30, through page 6, line 4: Specifies that a provider may decline to enter an agreement if they are unable to provide the care the patient needs, or their practice is at capacity.

Section (c), page 6, line 5 - 8: Specifies that a provider may terminate a DHCA with a current patient based on their health status only if the providers is not able to provide the services the patient requires or in accordance with AS 21.03.025 (section 1 of this legislation).

Section (d), page 5, line 9 - 21: This is a “false advertising” clause. This section prohibits a provider from false advertising regarding a direct health care agreement. It specifically prohibits advertising these agreements as insurance or as an alternative to insurance.

Section (e), page 5, line 22 - 28: Defines: direct health care agreement, health care business, health care provider, health care service, and health insurance.

Section 3: Adds a new paragraph to AS 45 (Trade and Commerce) .45 (Trade Practices) .471 (Unlawful acts and practices).

Section (58), page 6, line 29 - 30: Adds violations of AS 45.45.915 (section 2 of this legislation) to the list of unfair methods of competition and unfair or deceptive acts or practices in the conduct of trade or commerce that are declared to be unlawful.