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SB 197 Direct Healthcare Agreements

Sectional Analysis

“An Act relating to direct health care agreements; and relating to unfair trade practices.”

Section 1 – 18.23.500 – Page 1, Line 4 through Page 4, Line 14

Adds new section “Direct Health Care Agreements” to Chapter 23 of Title 18.

Section (a), page 1, line 6 through page 2, line 20 – Defines a Direct Health Care Agreement as a written agreement between patient, government entity or private business and a provider for specific services in exchange for an annual fee, that services provided for the fee must be specified, and that the patient may submit an insurance claim for services rendered beyond those specified in the agreement.

Section (b), page 2, lines 21 through 27 – Directs that providers must allow a patient to terminate the agreement within 30 days and that if the agreement is terminated, the provider shall provide a refund of the payments made under the agreement, less payments made for services already provided.

Section (c), page 2, line 28 through page 3, line 1 – An agreement between provider and patient may be terminated in writing after thirty days, and the provider may give a refund, charge a termination penalty or termination fee.

Section (d), page 3, lines 2 through 5 – An agreement between provider and employer or government entity may be terminated in writing after thirty days, and the provider may give a refund, charge a termination penalty or termination fee.

Section (e), page 3, lines 6 through 10 – Modifications or renewal to an existing agreement can be made upon written agreement between both parties. A provider may not make a change to the annual fee more than once a year and a 45-day written notice must be given prior to a change in fee.

Section (f), page 3, lines 11 through 14 – Specifies that a direct health care agreement is not subject to the consumer protections in Title 21 (Insurance) but are subject to other consumer protections including AS 45.45.915 (Section 2 of the bill).

Section (g), page 3, lines 15 through 24 – A Direct Health Care Agreement provider may not misrepresent themselves or the services that they provide in a direct health care agreement.

Section (h), page 3, line 25 through page 4, line 14 – Specifies that a direct health care agreement is not health insurance or underwriting, that direct health care agreement services are exempt from regulation by the Division of Insurance, and that a certificate of authority or license to market is not required to offer or execute such an agreement. The definitions of “health care provider” and “health care service” are given in subsections 1 and 2 of this section.

Section 2 – AS 45.45.915 – Page 4, line 16 through page 5, line 5

Adds new section “Direct Health Care Agreements” to Chapter 45 of Title 45

Section (a), page 4, lines 16 through 22 – A health care provider may not refuse to enter into a Direct Health Care Agreement based upon any characteristic of a class of persons protected by federal and state laws that prohibit discrimination.

Section (b), page 4, line 23 through page 5, line 5 – A health care provider may only decline to enter an agreement or cancel an existing agreement if the patients care needs are beyond that which the health care provider can provide. An existing agreement may only be terminated once the provider has transferred the patient to a health care provider that can provide the needed level of care and has agreed to provide the patient with that needed level of care. The definitions of “direct health care agreement” and “health care provider” are the same as those found in section 2.

Section 3, Page 5, Lines 6 through 8

Adds violations of sections 1 and 2 of the bill to the list of unlawful acts under the unfair trade practices and consumer protections clause of the AS 45.50.471(b).