REPRESENTATIVE KEVIN J. MCCABE

ALASKA STATE LEGISLATURE HOUSE DISTRICT 30

SESSION
Alaska State Capitol
Juneau, AK 99801
Phone: (907) 465-2679
Toll Free: (800) 505-2678

DISTRICT
600 E. Railroad Ave., Suite 1
Wasilla, AK 99654
Phone: (907) 376-2679
Toll Free: (800) 505-2678

HB 47 Direct Healthcare Agreements

Sectional Analysis

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

Section 1 – 21.03.025 – Page 1, Line 4 through Page 5, Line 9

Adds new section "Direct Health Care Agreements" to Chapter 3 of Title 21.

Section (a), page 1, line 5 through 11 – Defines a Direct Health Care Agreement as a written agreement between patient or patient representative and a health care provider to provide services in exchange for a periodic fee. This section also stipulates that Medicaid recipients under AS 47.07 and those receiving assistance for catastrophic illness and chronic or acute medical conditions under AS 47.08 are not eligible to enter into a Direct Health Care Agreement.

Section (b), page 1, line 12 through page 2, line 19 – Specifies that these agreements must contain a description of the health care services provided in exchange for the periodic fee and the locations where services are available. The agreements must also specify the amount of the periodic fee, the period of time covered by the agreement, and any additional fees that may be charged including cancellation fees.

The agreement must also include contact information for representative(s) of the health care provider designated to receive complaints, prominently state that the agreement is not health insurance, and 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, lines 20 through 29 - 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 that are not included in the periodic fee. The provider may charge a termination fee equal to one month's cost of the periodic fee.

Section (d), page 2, line 30 through page 3, line 8 – An agreement between provider and patient may be terminated by either party with at least thirty days written notice. The agreement must include that the patient pay the prorated periodic fee through the date of termination and any fees for services outstanding. The provider may charge a termination fee equal to one month's cost of the periodic fee.

Section (e), page 3, lines 9 through 11 – The health care providers must provide 45 days written notice of a change in periodic fee, and that fee may only be changed once a year.

Section (f), page 3, lines 12 through 14 – The billing for the periodic fee occurs after the period covered by the fee.

Section (g), page 3, lines 15 through 20 – An employer may cover the cost of the direct health care agreement of the employee, but that is not considered insurance or dealing in the business of insurance.

Section (h), page 3, lines 21 through 31 – A provider can immediately terminate a direct health care agreement if the patient, (1) repeatedly fails to follow a treatment plan, (2) exhibits behavior that is a threat to safety of the provider or staff, (3) engages in disrespectful, derogatory or prejudiced behavior.

Section (i), page 4, lines 1 through 5 – Either party may terminate the agreement at any time if the other party breaches terms of the agreement.

Section (j), page 4, lines 6 through 9 – AS 21.07 "Patient Protections Under Health Care Insurance Policies" and AS 21.36 "Trade Practices and Frauds" do not apply to Direct Health Care Agreements but are subject to other consumer protections.

Section (k), page 4, lines 10 through 22 – A Direct Healthcare agreement is not insurance in any form and is therefore not subject to any regulation under the division of insurance. Additionally, a certificate of authority or license to market is not required in order to sell a direct health care agreement or services under a direct health care agreement. Definitions for this section are also included.

Section 2 – AS 45.45.915 – Page 5, line 11 through page 6, line 4

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

Section (a), page 5, lines 11 through 17 – 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 state laws that prohibit discrimination.

Section (b), page 5, line 18 through 22 – A health care provider may 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 or the provider does not have the capacity to accept new clients.

Section (c), page 5, lines 24 through 27 – A provider may use health care status as a reason for terminating a direct health agreement only if the health care provider is unable to provide services that the patient needs or in accordance with AS 21.03.025 (h) and (i).

Section (d), page 5, line 28 through page 6, line 2 – Provides definitions for this section.

Section 3 – AS 45.50.471(b) – Page 6, lines 3&4

Adds violation of section 2 of the bill 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.

Staff contact: Buddy Whitt (907) 465-2678