



LAWS OF ALASKA

1978

Source

SCS CSHB 409

Chapter No.

107

AN ACT

Relating to catastrophic illness; and providing for an effective date.

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

* Section 1. AS 47 is amended by adding a new chapter to read:

CHAPTER 8. CATASTROPHIC ILLNESS ASSISTANCE.

Sec. 47.08.010. REIMBURSEMENT OF PROVIDERS. According to the provisions of this chapter, the Department of Health and Social Services shall reimburse providers of medical care for unpaid costs incurred in the treatment of a person suffering an illness or accident which results in financial catastrophe to the person or his family.

Sec. 47.08.020. CATASTROPHIC ILLNESS COMMITTEE. There is created the Catastrophic Illness Committee, consisting of a medical review officer from the Department of Health and Social Services, a member appointed by the governor who has suffered a catastrophic illness, and a representative of the Department of Commerce and Economic Development appointed by the governor.

Sec. 47.08.030. NOTICE. The committee shall enlist the assistance of medical providers in making the public aware of the catastrophic illness assistance program.

Sec. 47.08.040. APPLICATIONS FOR ASSISTANCE. An application for financial assistance under this chapter may be filed by a person who has suffered catastrophic illness or by a parent, spouse, or legal guardian of that person, or by any other interested party with the written consent of the person who has suffered the catastrophic illness.

Chapter 107

Sec. 47.08.050. SERVICES EXCLUDED FROM COVERAGE. Annually, the committee shall determine in light of appropriated funds and expected need the medical expenses reimbursable under this chapter, except that the following are not reimbursable:

- (1) dentistry and optometry unless prescribed by a licensed dentist or physician as medically necessary as the result of the injury or illness;
- (2) elective medical or surgical procedures;
- (3) drugs and medications not prescribed by a licensed physician;
- (4) services received as a result of a pregnancy or birth without unusual complications;
- (5) private psychological or psychiatric treatment or private alcoholism treatment, unless not available from public agencies or programs;
- (6) chiropractic services;
- (7) services not of a medical nature;
- (8) medical services currently provided to persons in the custody of the division of corrections;
- (9) costs incurred before July 1976.

Sec. 47.08.060. CALCULATION OF APPLICANT'S SHARE.

(a) As frequently as necessary the committee shall adopt, in light of appropriated funds and expected need, a formula to be used in determining the applicant's share of total medical expenses incurred as a result of a catastrophic illness, based on the applicant's annual gross income, number of dependents, amount of assets, and forthcoming third-party payments, all considered in light of the requirement that the applicant's share will be paid to the provider on a payment schedule covering a period of at least three years.

(b) For the purposes of applying the formula to determine the applicant's share, multiple catastrophic illness occurring within a 12-month period to the applicant or other members of the applicant's family shall be treated as one catastrophic illness.

(c) In applying the formula to determine the applicant's share, the total gross income and the total assets of the family of the applicant may be taken into account, with the following exceptions:

- (1) the applicant's permanent place of abode;
- (2) one noncommercial vehicle;
- (3) tools, equipment, vehicles and other assets required in a trade or business;
- (4) ordinary household and personal effects;

(5) \$1,000 of liquid assets;

(6) all nonliquid assets unless such an exclusion would bring about an inequitable result; however, all income derived from such property shall be taken into consideration in determining the recipient's gross income;

(7) inalienable shares in a Native corporation created under the Alaska Native Claims Settlement Act, P.L. 92-203; 43 U.S.C. 1601 et seq., for the period of their inalienability as specified in the Act;

(8) Alaska longevity bonus payments;

(9) any other assets specifically restricted for the use of the recipient by state or federal law.

(d) Assets received by the applicant as a custodian, guardian, conservator, or trustee for another are not considered assets of the custodian, guardian, conservator, or trustee himself.

(e) The applicant's share shall be reduced in the amount of any premiums paid for disability insurance or a prepaid medical plan up to \$500 if incurred in the 12-month period beginning with the occurrence of the injury or the onset of the illness.

(f) Notwithstanding the provisions of this section, the committee may waive payment of an applicant's share when the catastrophic illness is the proximate result of an immunization required by law.

Sec. 47.08.070. STANDARDS FOR REIMBURSEMENT TO PROVIDERS. The amount that the committee reimburses providers for medical services rendered to a person who has suffered catastrophic illness may not be greater than 100 per cent of the total unpaid bills related to the catastrophic illness and shall be determined by the following standards:

(1) Only unpaid medical expenses for periods not to exceed 12 months, and related to catastrophic illness, may be considered. The initial 12-month period begins with the date of the first charges incurred because of the illness.

(2) The committee may not reimburse a provider if the applicant's total medical expenses related to the catastrophic illness are less than \$1,000 in any period not exceeding 12 months described in (1) of this section after all sources of third-party payment have been exhausted by the applicant or by someone acting on behalf of the applicant.

(3) The committee may not reimburse a provider for the applicant's share of the total medical expenses; moreover, a reimbursement to the provider shall be conditioned on the provider's agreement that the provider enter into a payment schedule with the applicant which will result in full liquidation of the applicant's share. Payment schedules may not be for a term of less than three years.

Sec. 47.08.080. RECONSIDERATION OF DECISION BY

Chapter 107

COMMITTEE. The committee shall promptly notify an applicant of its decision with written reasons for the amount of the award or denial. An applicant who is dissatisfied with a decision of the committee may apply to the committee for reconsideration within 30 days of receipt of the decision. The request for reconsideration must include a written statement of grounds for reconsideration and any supporting documentation which was not available to the committee for its original decision. Within 30 days after receipt of a request for reconsideration, the committee shall affirm, amend, or reverse its original decision. The committee shall promptly notify the applicant of its decision upon reconsideration with written reasons for its action. Information describing hearing rights and procedures must be furnished with the written notification of denial.

Sec. 47.08.090. HEARING. An applicant who is dissatisfied with the committee's decision upon reconsideration may request a hearing in accordance with procedures established under AS 47.25.180.

Sec. 47.08.100. FINALITY OF DECISIONS. Decisions as to catastrophic illness awards are final

(1) 30 days after the applicant receives the committee's decision unless a reconsideration is requested during that time;

(2) 30 days after the applicant receives the committee's decision upon reconsideration unless a hearing is requested during that time;

(3) 15 days after the applicant receives the hearing authority's decision if that decision is not appealed to the director during that time;

(4) upon being notified of the decision of the director if an appeal is taken to the director under AS 47.25.180.

Sec. 47.08.110. EXTENSION OF TIME LIMITS. Time limits for reconsideration or for requesting an appeal may be extended, at the discretion of the committee, upon application or upon the committee's own motion. A request for reconsideration or for a hearing shall be considered made on the date when the request is dispatched rather than the date when it is received by the committee.

Sec. 47.08.120. RECOVERY FROM A COLLATERAL SOURCE. If the applicant or a provider receives payment from any other source for medical expenses which have been paid by the committee, the applicant or provider is liable to the committee in the amount of that payment. An application may not be considered by the committee unless the applicant agrees to this provision. A provider may not be paid by the committee under this chapter unless the provider agrees to this provision.

Sec. 47.08.130. REGULATIONS. The department may adopt regulations, in accordance with the Administrative Procedure Act, which establish rates of reimbursement to providers for medical expenses incurred, as well as other regulations necessary to carry out the purposes of this

chapter.

Sec. 47.08.140. DEFINITIONS. In this chapter

(1) "applicant" means a person who has suffered a catastrophic illness and is applying for assistance under this chapter or is the subject of an application for assistance under this chapter;

(2) "applicant's share" means the amount of the total medical expense related to the catastrophic illness which the committee determines the applicant can reasonably be expected to pay based on income, assets, and number of dependents under sec. 60 of this chapter;

(3) "catastrophic illness" means illness or injury which result in medical expenses of over \$1,000 during a period not to exceed 12 months, after all other sources of third-party payment have been exhausted;

(4) "committee" means the Catastrophic Illness Committee, created under sec. 20 of this chapter;

(5) "elective medical or surgical procedures" means treatment which is not essential to the life or health of a person;

(6) "family" means two or more persons related by blood or marriage or adoption living as one economic unit;

(7) "liquid assets" means assets which can be readily converted to cash;

(8) "medical expense" means any financial obligation incurred in the course of treatment of illness as prescribed by a physician, including bills for ancillary services, patient transportation, transportation of a medical or family escort when reasonably necessary, or living expenses while receiving outpatient treatment in a community to which the applicant is not reasonably able to commute from his permanent place of abode;

(9) "nonliquid assets" means all assets which are not liquid assets;

(10) "permanent place of abode" means a dwelling, or a dwelling unit in a multiple dwelling, including lots and outbuildings or an appropriate portion of these, which are necessary to convenient use of the dwelling unit;

(11) "provider" means a licensed physician, pharmacist, dentist, or other health service worker or a licensed hospital, clinic, skilled nursing home, intermediate care facility or health maintenance organization which has provided services not excluded by sec. 50 of this chapter to an applicant as a result of a catastrophic illness;

(12) "third-party payments" means payments of medical expenses related to a catastrophic illness by sources other than the applicant or the committee, including but not limited to state and federal medical assistance programs, private health insurance, employment-related

Chapter 107

health insurance, military health insurance, workmen's compensation, violent crimes compensation, Indian Health Service of the United States Department of Health, Education and Welfare, and awards in legal actions.

* Sec. 2. AS 47.25.255 is repealed.

* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.070(c).