



# LAWS OF ALASKA

1996

**Source**  
SCS CSHB 393(HES)

**Chapter No.**  
83

## AN ACT

Relating to managed care for recipients of medical assistance; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1

**Approved by the Governor:** June 20, 1996  
**Actual Effective Date:** June 21, 1996

AN ACT

1 Relating to managed care for recipients of medical assistance; and providing for an effective  
2 date.

3

4 \* **Section 1. FINDINGS AND PURPOSE.** The legislature finds that

5 (1) the Medicaid program has provided adequate health care for low income  
6 individuals in the state since its enactment in Alaska in 1972;

7 (2) Medicaid program costs have increased an average of 13.9 percent a year  
8 over the past five years, and the number of eligible individuals has grown from 57,251 in  
9 1991 to 86,445 in fiscal year 1995 due to the addition of services and eligible groups by the  
10 Congress and the Alaska State Legislature;

11 (3) Medicaid program management has evolved from a fee-for-service payment  
12 structure to a point where, by 1995, 94 percent of the states include some type of managed  
13 care model in at least one geographic area of their state;

14 (4) primary care case management offers an effective system of care, similar  
15 to the existing fee-for-service environment, which can generate program savings and preserve

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1 quality of care, and which has been successful in both urban and rural areas; and

2 (5) Alaska has many unique features due to the geography, weather, and wide  
3 dispersion of population centers that challenge the ability to have successful managed care  
4 systems in the state; however, the projected downturn in state revenue requires the state to  
5 seek creative solutions in providing health care coverage for low-income persons at a reduced  
6 cost in the future.

7 \* **Sec. 2. MANAGED CARE PROGRAM.** (a) The Department of Health and Social  
8 Services shall begin development of a managed care system for recipients of medical  
9 assistance under AS 47.07 by designing and implementing no fewer than two innovative  
10 managed care pilot projects by June 30, 1997. The projects must be in one or more  
11 predominantly urban areas of the state that take into account the unique features of the project  
12 areas and include a rural element, if feasible. The department shall involve the public and  
13 affected consumers and providers of health care services in the selected project areas in the  
14 development of the managed care system that will be used in the projects.

15 (b) Upon developing a system required under (a) of this section, the department shall  
16 submit through the governor draft legislation, if necessary, that would provide for  
17 implementation of the proposed system in two or more pilot project areas to the legislature  
18 on the first day of the First Regular Session of the Twentieth Alaska State Legislature.

19 (c) The department, under this Act, may require that a recipient of medical assistance  
20 under AS 47.07 must participate in a managed care system in order to remain eligible for  
21 medical assistance under AS 47.07. This participation requirement may be based on  
22 geographical, financial, social, medical, and other factors that the department determines are  
23 relevant to the development and efficient management of the managed care system.

24 (d) The department, under this Act, may apply for waivers of federal law or for other  
25 federal approval if federal approval is required in order to implement the pilot projects for the  
26 managed care system developed under this section.

27 (e) Nothing in this section precludes the department from acting to effectively manage  
28 costs through case management and other cost containment measures that are within the  
29 department's statutory authority in order to assure the operation of the program within its  
30 budget.

31 (f) In this section, "department" means the Department of Health and Social Services.

**1** \* **Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).