

CS FOR HOUSE BILL NO. 393(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered: 3/27/96

Referred: State Affairs, Finance

Sponsor(s): REPRESENTATIVE ROKEBERG

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to managed care for recipients of medical assistance; and
2 providing for an effective date."

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

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

1 to the existing fee-for-service environment, which can generate program savings and preserve
2 quality of care, and which has been successful in both urban and rural areas; and

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

8 * **Sec. 2. MANAGED CARE PROGRAM.** (a) The Department of Health and Social
9 Services shall develop managed care systems for recipients of medical assistance under
10 AS 47.07 under which the department would contract with one or more individuals or entities
11 for the management of health services for the recipients. The department shall implement two
12 competitive, innovative managed care pilot projects in one or more predominantly urban areas
13 of the state that take into account the unique features of the project areas and include a rural
14 element, if feasible. The department shall involve affected consumers and providers of health
15 care services in the project areas in the development and implementation of the managed care
16 plan.

17 (b) The Department of Health and Social Services may require that a recipient of
18 medical assistance under AS 47.07 must participate in a managed care system developed under
19 (a) of this section in order to remain eligible for medical assistance under AS 47.07. This
20 participation requirement may be based on geographical, financial, social, medical, and other
21 factors that the Department of Health and Social Services determines are relevant to the
22 development and efficient management of the managed care system.

23 (c) The Department of Health and Social Services may apply for waivers of federal
24 law or for other federal approval that is required in order to implement a managed care system
25 developed under (a) of this section.

26 (d) Upon developing a system required under (a) of this section, the Department of
27 Health and Social Services shall submit draft legislation for implementation of the proposed
28 system to the legislature on the first day of the First Regular Session of the Twentieth Alaska
29 State Legislature.

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