

**CS FOR HOUSE BILL NO. 393(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/15/96

Referred: Rules

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 begin development of a managed care system for recipients of medical  
10 assistance under AS 47.07 by designing and planning to implement two innovative managed  
11 care pilot projects. The projects must be in one or more predominantly urban areas of the  
12 state that take into account the unique features of the project areas and include a rural element,  
13 if feasible. The department shall involve affected consumers and providers of health care  
14 services in the probable project areas in the development of the managed care system that will  
15 be used in the projects.

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

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

27 (d) The draft legislation under this section may authorize the Department of Health  
28 and Social Services to apply for waivers of federal law or for other federal approval if federal  
29 approval is required in order to implement the pilot projects for the managed care system  
30 developed under this section.

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