

CS FOR HOUSE BILL NO. 113(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 3/7/01

Referred: Health, Education and Social Services

Sponsor(s): REPRESENTATIVE GREEN

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to health care insurance payments for hospital or medical services; and**
2 **providing for an effective date."**

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

4 *** Section 1.** AS 21.54.020 is repealed and reenacted to read:

5 **Sec. 21.54.020. Required insurer payment for hospital and medical**
6 **services.** (a) A health care insurer shall pay indemnities under a group health
7 insurance policy or subscriber benefits under a group hospital or medical service
8 subscriber contract, whether or not services were provided by participant providers,
9 within 30 calendar days after receipt of a clean claim.

10 (b) If a claim is not paid as required under (a) of this section, the health care
11 insurer shall give notice of the specific items necessary for the claim to be adjudicated
12 to the covered person and, if the claim was assigned, to the provider of the hospital,
13 nursing, medical, dental, or surgical services. Notice required under this subsection is
14 required to be given by the date specified for payment of an indemnity under (a) of

1 this section.

2 (c) If notice of the specific items necessary for a claim to be adjudicated is not
3 given as required in (b) of this section, the claim is presumed to be a clean claim, and
4 interest accrues beginning on the day following the day notice is due and shall be
5 added to the claim until the claim is paid. The rate of interest required under this
6 subsection is the maximum rate provided for the financing of premiums under
7 AS 06.40.120. If a claim made is only partially covered under the insurance contract,
8 the interest accrued shall be based on the amount of the claim that is covered under the
9 contract.

10 (d) A claim for which a health care insurer provides appropriate notice of a
11 deficiency under (b) of this section must be paid within five working days after receipt
12 of those items listed as being deficient. If payment is not made within five working
13 days, the claim is presumed to be a clean claim, interest accrues at the rate allowed in
14 (c) of this section, and the interest shall be added to the claim until the claim is paid.
15 If a claim is only partially covered under the insurance contract, the interest accrued
16 shall be based on the amount of the claim that is covered under the contract.

17 (e) Upon written request of a covered person, a health care insurer shall pay
18 amounts due under (a), (b), (c), or (d) of this section directly to the provider of the
19 hospital, nursing, medical, dental, or surgical services. The policy may not contain a
20 provision requiring that services be provided by a particular hospital or person, except
21 as applicable to a health maintenance organization under AS 21.86. If the health care
22 insurer makes a claim payment to the covered person after the covered person has
23 given written notice electing direct payment to the provider of the service, the health
24 care insurer shall also pay that amount to the provider of the service.

25 (f) A covered person may revoke an election of direct claim payment made
26 under (e) of this section by giving written notice of the revocation to the health care
27 insurer and to the provider of the service. The written notice of revocation to the
28 health care insurer must certify that the covered person has given written notice of
29 revocation to the provider of the service. Revocation of an election of direct claim
30 payment is not effective until the notice of revocation is received by the health care
31 insurer and the provider of the service, whichever date is later.

1 (g) The right of the covered person to request payment of indemnities under a
 2 blanket health insurance policy directly to the provider of the services or to another
 3 person may be transferred by a qualified domestic relations order to a person who is
 4 not the covered person. Rights under the qualified domestic relations order do not
 5 take effect until the order is received by the health care insurer. In this subsection,
 6 "qualified domestic relations order" means an order or judgment in a divorce or
 7 dissolution action under AS 25.24 that designates a person to determine to whom
 8 indemnities for a covered person should be paid under a health insurance policy.

9 (h) This section does not prohibit a health care insurer from recovering an
 10 amount mistakenly paid to a provider or a covered person.

11 (i) Within 30 working days after the end of each calendar quarter, a health
 12 care insurer shall file with the director a report that shows, for the previous calendar
 13 quarter, the percentage of claims paid in this state during that quarter that meets the
 14 time limits imposed under (a) and (d) of this section.

15 (j) For the purpose of this section, a claim shall be considered paid on the day
 16 payment is either mailed or transmitted electronically.

17 (k) If interest is required to be added to a claim under (c) or (d) of this section,
 18 the amount added may not be included when calculating an applicable cap on benefits
 19 payable to the covered person or other person claiming payments under the health
 20 insurance policy.

21 (l) In this section,

22 (1) "calendar quarter" has the meaning given in AS 23.20.520;

23 (2) "clean claim" means a claim that does not have a defect,
 24 impropriety, or circumstance requiring special treatment that precludes timely
 25 payment on the claim.

26 * **Sec. 2.** AS 25.24.160(b) is amended to read:

27 (b) If a judgment under this section distributes benefits to an alternate payee
 28 under AS 14.25, AS 21.51.120(a), AS 21.54.020(g) [AS 21.54.020(c)], 21.54.050(c),
 29 AS 22.25, AS 26.05.222 - 26.05.226, or AS 39.35, the judgment must meet the
 30 requirements of a qualified domestic relations order under the definition of that phrase
 31 that is applicable to those provisions.

1 * **Sec. 3.** AS 25.24.230(h) is amended to read:

2 (h) If a judgment under this section distributes benefits to an alternate payee
3 under AS 14.25, AS 21.51.120(a), AS 21.54.020(g) [AS 21.54.020(c)], 21.54.050(c),
4 AS 22.25, AS 26.05.222 - 26.05.226, or AS 39.35, the judgment must meet the
5 requirements of a qualified domestic relations order under the definition of that phrase
6 that is applicable to those provisions.

7 * **Sec. 4.** This Act takes effect January 1, 2002.