

HOUSE BILL NO. 242

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES LEDOUX, Buch, Gara

Introduced: 4/26/07

Referred: Health, Education and Social Services, Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing an Alaska health care program to ensure insurance coverage for**
2 **essential health services for all residents of the state; establishing the Alaska Health**
3 **Care Board to define essential health care services, to certify health care plans that**
4 **provide essential health care services, and to administer the Alaska health care program**
5 **and the Alaska health care fund; establishing the Alaska health care clearinghouse to**
6 **administer the Alaska health care program under the direction of the Alaska Health**
7 **Care Board; establishing eligibility standards and premium assistance for persons with**
8 **low income; establishing standards for accountable health care plans; creating the**
9 **Alaska health care fund; providing for review of actions and reporting requirements**
10 **related to the health care program; and providing for an effective date."**

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

12 *** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section

1 to read:

2 FINDINGS; PURPOSE. (a) The legislature finds that

3 (1) the current health care system is unsustainable;

4 (2) improving and protecting the health of Alaskans must be a primary goal of
5 the state;

6 (3) all Alaskans should have access to essential health care services that are
7 affordable, that are based on publicly debated criteria, and that consider the well-being of
8 individuals across their life spans;

9 (4) Alaska has an economic interest in ensuring equitable financing of
10 essential health care for Alaskans who do not have access to basic health care;

11 (5) health care policies should emphasize public health and encourage the use
12 of quality service and evidence-based treatment that are appropriate and safe and that
13 discourage over-treatment;

14 (6) health care providers and informed patients must be the primary decision
15 makers who are accountable for an individual's health;

16 (7) health care funding should be explicit, predictable, and economically
17 sustainable;

18 (8) an economically sustainable health care system requires that providers
19 receive fair and adequate compensation;

20 (9) health care must be balanced with other programs that also affect health;
21 and

22 (10) health care must account for the allocation of resources and the human
23 consequences of funding decisions.

24 (b) The purpose of this Act is to address the findings and concerns listed in (a) of this
25 section by creating the Alaska health care program.

26 * **Sec. 2.** AS 18 is amended by adding a new chapter to read:

27 **Chapter 06. Alaska Health Care Program.**

28 **Sec. 18.06.010. Alaska health care program.** The Alaska health care program
29 is established to

30 (1) ensure that all residents of the state have access to affordable health
31 care;

1 (2) require that every resident of the state have, at a minimum,
2 insurance covering essential health care services;

3 (3) reduce unsustainable health care cost increases;

4 (4) establish a system of public and private health care that integrates
5 public involvement and oversight, consumer choice, and competition within the
6 private market;

7 (5) use models of health care benefits, service delivery, and payments
8 that control costs and overuse, emphasizing preventative care and chronic disease
9 management within a primary care environment; and

10 (6) provide services for humane and dignified end-of-life care.

11 **Sec. 18.06.020. Alaska Health Care Board.** (a) The Alaska Health Care
12 Board is established in the Department of Health and Social Services to manage the
13 Alaska health care program.

14 (b) The board shall consist of 11 members appointed by the governor, subject
15 to confirmation by the legislature. The members of the board shall include

16 (1) one representative each from two health care insurers licensed to
17 transact health care insurance in the state;

18 (2) two representatives of the business community other than health
19 care insurers, one representing large businesses, and one representing small
20 businesses;

21 (3) one representative each from two Alaska hospitals;

22 (4) one representative of a labor organization;

23 (5) two physicians licensed in Alaska; and

24 (6) two health care consumer advocates.

25 (c) Each board member serves for a term of three years and until a successor
26 has been appointed. A member is eligible for reappointment.

27 (d) If there is a vacancy, the governor shall make an appointment, effective
28 immediately, for the balance of the unexpired term.

29 (e) Members of the board are entitled to per diem and transportation costs
30 under AS 39.20.180.

31 (f) The board shall select a member to serve as chair and a member to serve as

1 vice chair for a term and with duties and powers necessary to perform their functions.

2 (g) A majority of the board constitutes a quorum for transacting business.

3 **Sec. 18.06.030. Powers and duties of the Alaska Health Care Board.** The
4 Alaska Health Care Board shall

5 (1) certify accountable health care plans that provide coverage for
6 essential health services for individuals holding Alaska health cards;

7 (2) administer, as a fiduciary, the Alaska health fund established under
8 AS 18.06.070 in accordance with the Alaska health care program established by this
9 chapter;

10 (3) hold regular and special meetings as the board considers necessary;
11 board meetings may be held by teleconference; meetings shall be recorded and made
12 available on request; and

13 (4) adopt regulations consistent with this chapter under AS 44.62
14 (Administrative Procedure Act) that

15 (A) define essential health care services;

16 (B) establish quality standards for the defined set of essential
17 health care services provided by an accountable health care plan;

18 (C) certify an accountable health care plan that provides the
19 minimum defined set of essential health care services;

20 (D) establish criteria for participation by residents of the state
21 in the Alaska health care program;

22 (E) establish procedures for enrolling participants in the Alaska
23 health program and providing enrollees with an Alaska health card;

24 (F) provide for issuing an Alaska health care voucher to each
25 individual who meets the needs-based participation criteria or who has
26 contributions made to the fund that specify an individual as the beneficiary
27 under AS 18.06.070(b);

28 (G) ensure that cardholders are enrolled in an accountable
29 health care plan;

30 (H) prescribe the method for determining individual income;

31 (I) provide that accountable health care plan costs and charges

1 are available to cardholders;

2 (J) ensure the capacity of a plan to provide cardholder access to
3 essential health care services; and

4 (K) establish procedures for notice and hearings for a person
5 aggrieved by a decision of the board or the health care clearinghouse.

6 **Sec. 18.06.040. Alaska health care clearinghouse.** (a) The Alaska health care
7 clearinghouse is established as a division of the Department of Health and Social
8 Services.

9 (b) The clearinghouse shall be administered by a director appointed by the
10 commissioner.

11 (c) The clearinghouse shall

12 (1) administer the Alaska health care program under the direction of
13 the Alaska Health Care Board;

14 (2) disseminate information about certified insurance products;

15 (3) provide assistance in the enrollment process for a small business or
16 individual;

17 (4) assist an individual, employer, or employee with purchasing
18 insurance with pre-tax money;

19 (5) assist cardholders who choose to execute an advance health care
20 directive under AS 13.52; and

21 (6) establish and maintain a registry of advance health care directives
22 executed by cardholders.

23 **Sec. 18.06.050. Essential health care services; eligibility.** (a) Every resident
24 of the state who is not a beneficiary of a health care plan providing coverage for
25 essential health care services, or who is not eligible to be enrolled in a publicly funded
26 medical assistance program providing services equal to coverage for essential health
27 care services, shall participate in the Alaska health care program.

28 (b) A resident with an income below the poverty guidelines updated
29 periodically in the Federal Register by the United States Department of Health and
30 Human Services under the authority of 42 U.S.C. 9902(2) shall receive coverage for
31 essential health care services at no cost, paid from the Alaska health care fund.

1 (c) A resident with an income between 100 percent and 300 percent of the
2 federal poverty guidelines shall pay premiums on a sliding scale established by the
3 Alaska Health Care Board.

4 (d) An employer may offer health insurance coverage that meets or exceeds
5 coverage for essential health care services. If an employer provides insurance that
6 meets or exceeds coverage for essential health care services but does not enroll at least
7 25 percent of the employer's employees, or does not offer to pay at least 33 percent of
8 the premium, the employer shall pay the department as follows:

9 (1) if an employer has at least 10 and not more than 20 full-time
10 employees, the employer shall pay one percent of the employer's gross payroll; or

11 (2) if an employer has more than 20 full-time employees, the employer
12 shall pay two percent of the employer's gross payroll.

13 (e) Individuals or employers may contract with an accountable health care
14 plan for health care services in addition to the essential health care services coverage.

15 **Sec. 18.06.060. Accountable health care plans; preexisting conditions.** (a)
16 An accountable health care plan is a plan approved by the Alaska Health Care Board
17 that provides coverage for essential health care services and meets the other
18 requirements established under this chapter.

19 (b) An accountable health care plan may not deny enrollment to an individual
20 holding an Alaska health care card.

21 (c) For an individual holding an Alaska health care card who is subject to a
22 preexisting condition exclusion, the individual's employer or another person on behalf
23 of the cardholder may purchase additional coverage for an excluded preexisting
24 condition from an accountable health care plan.

25 (d) An accountable health care plan provision that covers children must
26 provide that the coverage will continue until the earlier of the child reaching 25 years
27 of age or two years after the child no longer resides with the family.

28 **Sec. 18.06.070. Alaska health fund.** (a) The Alaska health fund is established
29 as a separate trust fund of the state. The fund consists of

30 (1) state money appropriated to subsidize uncompensated care;

31 (2) federal money appropriated to the fund;

1 (3) private employer and employee health care contributions received
2 by the department and appropriated to the fund;

3 (4) health care premiums received by the department and appropriated
4 to the fund;

5 (5) other appropriations by the legislature;

6 (6) contributions appropriated to the fund from the United States
7 government and its agencies, or from any other source, public or private, provided for
8 purposes that are consistent with the goals of the Alaska health care program; and

9 (7) interest earnings from investments of the fund appropriated to the
10 fund.

11 (b) Contributions may be made to the fund by an employer, employers, or an
12 individual that is specified for a particular beneficiary. If a contribution is made to the
13 fund for the benefit of a particular beneficiary, the beneficiary shall receive a health
14 care voucher in the amount of the contribution that may be used to purchase an
15 accountable health care plan. Money collected under AS 18.06.050(d) is not
16 considered made for the benefit of a particular beneficiary.

17 (c) The board may use the fund for the purpose of administering the Alaska
18 health care program consistent with this chapter.

19 **Sec. 18.06.080. Disputes and appeals.** A person is entitled to notice and an
20 opportunity for a hearing under regulations adopted by the Alaska Health Care Board
21 if

22 (1) the board or the Alaska health care clearinghouse denies enrollment
23 to the person;

24 (2) an accountable health care plan refuses to enroll an individual with
25 an Alaska health care card or fails to provide essential health care services; or

26 (3) the person is adversely affected or aggrieved by a decision of the
27 board or the clearinghouse.

28 **Sec. 18.06.090. Reporting.** The Alaska Health Care Board shall submit a
29 written report on the operation of the Alaska health care program to the legislature by
30 January 1 of each odd-numbered year. The report must include

31 (1) the number of individuals who have an Alaska health care card and

1 are enrolled in an accountable health care plan;

2 (2) the cost savings to the state, to employers, and to health care
3 providers resulting from the operation of the Alaska health care program;

4 (3) a measure of patient satisfaction with the essential health care
5 services received from an accountable health care plan;

6 (4) an assessment of patient access to essential health care services;

7 (5) a description of the changes or adjustments made to the program
8 during the period covered by the report;

9 (6) a discussion of the state agencies delivering redundant services, if
10 any, relating to health care benefits;

11 (7) an evaluation of the efficiencies of state programs that regulate or
12 deliver health care benefits;

13 (8) recommendations for legislative changes necessary to meet the
14 goals of the program.

15 **Sec. 18.06.990. Definitions.** In this chapter,

16 (1) "accountable health care plan" means a plan that is certified by the
17 Alaska Health Care Board to provide essential health care services;

18 (2) "board" means the Alaska Health Care Board;

19 (3) "cardholder" means an individual issued an Alaska health card
20 under regulations adopted under AS 18.06.030(4);

21 (4) "commissioner" means the commissioner of health and social
22 services;

23 (5) "essential health care services" means the services and products
24 approved for treatment of conditions defined by the Alaska Health Care Board under
25 AS 18.06.030(4);

26 (6) "fund" means the Alaska health fund;

27 (7) "resident" or "residency" has the meaning given in AS 01.10.055.

28 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
29 read:

30 TRANSITIONAL PROVISIONS. Notwithstanding AS 18.06.020, enacted by sec. 2
31 of this Act, the initial terms for members of the Alaska Health Care Board are as follows:

1 (1) five members shall be appointed to serve for a term ending January 1,
2 2010;

3 (2) three members shall be appointed to serve for a term ending January 1,
4 2011; and

5 (3) the remaining members shall be appointed to serve for a term ending
6 January 1, 2012.

7 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
8 read:

9 TRANSITIONAL PROVISIONS: REGULATIONS. The Alaska Health Care Board
10 established under AS 18.06.020, enacted by sec. 2 of this Act, may proceed to adopt
11 regulations necessary to implement this Act. The regulations take effect under AS 44.62
12 (Administrative Procedure Act), but not before January 1, 2009.

13 * **Sec. 5.** AS 18.06.020, 18.06.030, and 18.06.040, enacted by sec. 2 of this Act, and sec. 4
14 of this Act take effect immediately under AS 01.10.070(c).

15 * **Sec. 6.** Except as provided in sec. 5 of this Act, this Act takes effect January 1, 2009.