

**CS FOR HOUSE BILL NO. 337(HES)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - SECOND SESSION

**BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE**

**Offered: 3/10/08**

**Referred: Finance**

**Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act establishing the Alaska Health Care Commission and the Alaska health care**  
2 **information office; relating to health care planning and information; relating to the**  
3 **certificate of need program for certain health care facilities; and providing for an**  
4 **effective date."**

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

6 \* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
7 to read:

8 LEGISLATIVE FINDINGS AND INTENT. (a) The Alaska Legislature finds that

9 (1) the Constitution of the State of Alaska requires the legislature to promote  
10 and protect the public health;

11 (2) health policy issues present some of the greatest challenges faced by the  
12 state;

13 (3) the health status of Alaskans is directly tied to the long-term success of the  
14 state's economy and well being; and

1 (4) the increasing cost of health care is threatening employer-sponsored health  
2 care and making companies less competitive in the global economy.

3 (b) The legislature intends to mandate under this Act an evaluation of the state's  
4 health care needs, propose reforms, and improve health care in Alaska by establishing the  
5 Alaska Health Care Commission to include public and private stakeholders for the purpose of  
6 developing a comprehensive policy that better meets the current and long-range health care  
7 needs in the state.

8 \* **Sec. 2.** AS 18.05.010(b) is amended to read:

9 (b) In performing its duties under this chapter, **AS 18.09**, and AS 18.15.355 -  
10 18.15.395, the department may

11 (1) flexibly use the broad range of powers set out in this title assigned  
12 to the department to protect and promote the public health;

13 (2) provide public health information programs or messages to the  
14 public that promote healthy behaviors or lifestyles or educate individuals about health  
15 issues;

16 (3) promote efforts among public and private sector partners to  
17 develop and finance programs or initiatives that identify and ameliorate health  
18 problems;

19 (4) establish, finance, provide, or endorse performance management  
20 standards for the public health system;

21 (5) develop, adopt, and implement **a statewide health plan**, public  
22 health plans, and formal policies through regulations adopted under AS 44.62 or  
23 collaborative recommendations that guide or support individual and community public  
24 health efforts;

25 (6) establish formal or informal relationships with public or private  
26 sector partners within the public health system;

27 (7) identify, assess, prevent, and ameliorate conditions of public health  
28 importance through surveillance; epidemiological tracking, program evaluation, and  
29 monitoring; testing and screening programs; treatment; administrative inspections; or  
30 other techniques;

31 (8) promote the availability and accessibility of quality health care

1 services through health care facilities or providers;

2 (9) promote availability of and access to preventive and primary health  
3 care when not otherwise available through the private sector, including acute and  
4 episodic care, prenatal and postpartum care, child health, family planning, school  
5 health, chronic disease prevention, child and adult immunization, testing and screening  
6 services, dental health, nutrition, and health education and promotion services;

7 (10) systematically and regularly review the public health system and  
8 recommend modifications in its structure or other features to improve public health  
9 outcomes; and

10 (11) collaborate with public and private sector partners, including  
11 municipalities, Alaska Native organizations, health care providers, and health insurers,  
12 within the public health system to achieve the mission of public health.

13 \* **Sec. 3.** AS 18.07.031(e) is amended to read:

14 (e) In (a) of this section, "expenditure" **means the payment or promise of**  
15 **payment for medical** [INCLUDES THE PURCHASE OF PROPERTY OCCUPIED  
16 BY OR THE EQUIPMENT REQUIRED FOR THE HEALTH CARE FACILITY  
17 AND THE NET PRESENT VALUE OF A LEASE FOR SPACE OCCUPIED BY OR  
18 THE] equipment required for the health care facility; "expenditure" does not include  
19 costs associated with routine maintenance and replacement of equipment at an existing  
20 health care facility.

21 \* **Sec. 4.** AS 18.07.111(8) is repealed and reenacted to read:

22 (8) "health care facility"

23 (A) means

24 (i) a private, municipal, or state hospital, psychiatric  
25 hospital, independent diagnostic testing facility, tuberculosis hospital,  
26 kidney dialysis center (including freestanding hemodialysis units),  
27 intermediate care facility, or ambulatory surgical facility if the hospital,  
28 facility, or center is located in a municipality or borough in which a  
29 hospital is designated by the department as a critical access hospital or  
30 that has a population of 60,000 or fewer persons, excluding recipients  
31 of public health care who are members of the military or Indian Health

1 Services;

2 (ii) a nursing home;

3 (iii) a residential psychiatric treatment center;

4 (B) does not include

5 (i) the Alaska Pioneers' Home and the Alaska Veterans'  
6 Home administered by the Department of Health and Social Services  
7 under AS 47.55;

8 (ii) the offices of private physicians or dentists, whether  
9 in individual or group practice; and

10 (iii) military and tribal health entities funded or  
11 operated by the federal government;

12 \* **Sec. 5.** AS 18.07.111 is amended by adding new paragraphs to read:

13 (11) "ambulatory surgical facility" has the meaning given to  
14 "ambulatory surgical center" in AS 47.32.900;0

15 (12) "critical access hospital" means a facility that is a hospital  
16 licensed in the state that satisfies the criteria set out in 42 U.S.C. 1395i-4(c)(2)(B) and  
17 meets the conditions of participation set out in 42 C.F.R. 485.601 - 485.647;

18 (13) "independent diagnostic testing facility" means a distinct fixed or  
19 mobile entity that

20 (A) operates for the primary purpose of conducting medical  
21 diagnostic tests on patients;

22 (B) does not assume ongoing responsibility for patient care;  
23 and

24 (C) provides its services for use by outside medical personnel;

25 (14) "intermediate care facility" means a nursing facility that is not a  
26 skilled nursing facility;

27 (15) "kidney dialysis center" means a treatment center, including a  
28 freestanding hemodialysis unit, that is devoted to the treatment of kidney disease;

29 (16) "nursing home" means a nursing facility, as defined in 42 U.S.C.  
30 1396r(a);

31 (17) "office of private physicians" means an office or clinic that is 50

1 percent owned and operated by physicians licensed or authorized under AS 08.64 and  
2 that provides medical services to patients on an ongoing basis;

3 (18) "psychiatric hospital" means a hospital or part of a hospital that is  
4 primarily for the diagnosis and treatment of mental, emotional, or behavioral  
5 disorders.

6 \* **Sec. 6.** AS 18 is amended by adding a new chapter to read:

7 **Chapter 09. Statewide Health Care Information.**

8 **Article 1. Alaska Health Care Information Office.**

9 **Sec. 18.09.100. Office.** The Alaska health care information office is  
10 established in the department. The purpose of the office is to improve access by  
11 residents of the state to consistently updated

12 (1) information about health care facilities to aid consumers of health  
13 care services of health care facilities in the state; and

14 (2) information to encourage personal responsibility in prevention and  
15 healthy living.

16 **Sec. 18.09.110. Dissemination of information.** (a) The department shall  
17 establish and maintain an information database on the Internet of information about all  
18 health care facilities in the state to provide objective, unbiased, and factually based  
19 information on health care facilities in the state. The department may require those  
20 health care facilities to provide information in a standard form or format to the  
21 department for placement in the database. Before information is placed in the  
22 database, the commission shall review the information for accuracy.

23 (b) The database developed under (a) of this section must include the  
24 following:

25 (1) a list of preferred drugs approved by the department for  
26 reimbursement by the department;

27 (2) a complete list, organized by region and address, of

28 (A) health facilities located in the state;

29 (B) licensed pharmacists and pharmacies located in the state;

30 (C) emergency and urgent care facilities located in the state;

31 (D) health insurance companies offering coverage in the state;

1 (E) health care providers licensed or authorized in the state,  
2 including the provider license number, type, and expiration date along with  
3 disciplinary actions, if any;

4 (F) long-term, in-home, and hospice care providers located in  
5 the state;

6 (G) public assistance offices of the department;

7 (3) a list, updated monthly, of not more than 1500 of the most  
8 commonly prescribed medications in the state and the source and price of the  
9 medications;

10 (4) a list, updated monthly, of not more than 250 of the most  
11 commonly conducted medical procedures in the state, organized by the cash and  
12 negotiated price of the procedure at available providers and insurers; the list must  
13 include medical procedures covered by workers' compensation under AS 23.30;

14 (5) available hospital ratings, including the rates of hospital acquired  
15 infections and mortality occurring at each hospital located in the state;

16 (6) consumer education information on topics that include body mass  
17 index, diet and nutrition, exercise, smoking cessation, and alcohol and drug addictions,  
18 that includes the location of available sites that provide care and treatment related to  
19 those issues;

20 (7) a list of procedures approved by state agencies for emergency  
21 response and treatment;

22 (8) disease management support information;

23 (9) insurance information that includes

24 (A) a navigator to determine insurance eligibility using a  
25 matrix of available insurers;

26 (B) links to Internet websites for purchasing insurance policies;

27 (C) an explanation of mandatory and optional insurance  
28 coverage; and

29 (D) the usual and customary fee structure and the method of  
30 determining the fee structure;

31 (10) a list of primary care clinics that cater to uninsured and self-pay

1 patients; and

2 (11) information on the quality of health care facilities, including any  
3 actions taken by state or federal agencies related to

4 (A) licensure and accreditation of a health care facility; or

5 (B) a licensed professional practicing in a health care facility.

6 (c) The department shall develop and consistently update an Internet website  
7 to provide residents of the state timely and accurate information regarding prevention  
8 and healthy living.

9 **Sec. 18.09.120. Mandatory reporting.** (a) A health care facility shall provide  
10 to the department the following information related to the facility's health care services  
11 for placement in the database developed under AS 18.09.110:

12 (1) information on costs to the consumer for health care services; in  
13 this paragraph, "costs to the consumer" means the actual price paid by the consumer  
14 for health care services;

15 (2) types of insurance and payment accepted by the health care facility  
16 for health care services;

17 (3) each location where the health care facility operates, and the hours  
18 of operation;

19 (4) the types and scope of health care services offered at the health  
20 care facility;

21 (5) the Internet address of any Internet website of the health care  
22 facility the purpose of which is to provide factual information to aid the consumer;

23 (6) any other readily accessible information that the department  
24 determines would help the consumer make informed decisions about the health care  
25 facility's services.

26 (b) The department shall develop a standard form or format for reporting the  
27 information required in (a) of this section. The department shall adopt regulations  
28 specifying the timing and frequency of the reporting of the information required by (a)  
29 of this section.

30 (c) The department shall notify the health care facility of a failure to report  
31 under (a) of this section and give the health care facility an opportunity to contest or

1 cure the failure. If the health care facility does not promptly cure the failure, the  
 2 department shall post the notice of failure on the database developed under  
 3 AS 18.09.110.

4 **Sec. 18.09.130. Coordination of departments.** The Department of  
 5 Administration, the Department of Commerce, Community, and Economic  
 6 Development, the Department of Labor and Workforce Development, and the  
 7 Department of Law shall

8 (1) provide to the department information for placement in the  
 9 database developed under AS 18.09.110 regarding an adverse action taken against a  
 10 health care facility in the state or against a licensed professional practicing in a health  
 11 care facility in the state; and

12 (2) cooperate with the department in the performance of its duties  
 13 under AS 18.09.100 - 18.09.130.

#### 14 **Article 2. General Provisions.**

15 **Sec. 18.09.900. Regulations.** The department may adopt regulations under  
 16 AS 44.62 (Administrative Procedure Act) to carry out the purposes of this chapter.

17 **Sec. 18.09.990. Definitions.** In this chapter,

18 (1) "department" means the Department of Health and Social Services;

19 (2) "health care facility" means

20 (A) a facility licensed under AS 47.32 that provides health care  
 21 services;

22 (B) an independent diagnostic testing facility providing  
 23 services in the state;

24 (C) an agency providing a home and community based waiver  
 25 service that is certified under regulations adopted by the department;

26 (D) an agency providing personal care services that is certified  
 27 under regulations adopted by the department.

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

30 ALASKA HEALTH CARE COMMISSION ESTABLISHED. (a) The Alaska Health  
 31 Care Commission is established in the Department of Health and Social Services. The

1 purposes of the commission are

2 (1) to consider the entire spectrum of health care related issues in the state and  
3 formulate targeted and specific policy recommendations to be presented to the legislature and  
4 the executive branch;

5 (2) to provide recommendations for and foster the development of a statewide  
6 plan to address the quality, accessibility, and affordability of health care for all citizens of the  
7 state; and

8 (3) to provide an annual report to the legislature that includes a comprehensive  
9 list of policy options considered by the commission.

10 (b) The commission consists of 16 members who are residents of and are qualified  
11 voters in the state, appointed as follows:

12 (1) the state officer assigned the duties of medical director for the Department  
13 of the Health and Social Services, who shall serve as chair;

14 (2) a representative of the Alaska Mental Health Trust Authority, appointed by  
15 the authority;

16 (3) a representative of the University of Alaska's health education and training  
17 programs, appointed by the university;

18 (4) seven public members, including

19 (A) one member representing the Alaska Native Tribal Health  
20 Consortium, appointed by the consortium;

21 (B) one member representing the Alaska Primary Care Association,  
22 appointed by the association;

23 (C) one member representing the Alaska State Hospital and Nursing  
24 Home Association, appointed by the association;

25 (D) one member representing the health insurance industry, appointed  
26 by the governor;

27 (E) one member representing the Alaska Nurses Association,  
28 appointed by the association;

29 (F) two health care consumers or advocates appointed by the governor,  
30 one of whom must also be a small business owner in the state;

31 (5) six members of the legislature, appointed as follows: the president of the

1 senate and the speaker of the house of representatives shall each appoint two members of the  
2 majority organizational caucus and one member of the minority organizational caucus from  
3 their respective bodies; if there is no minority organizational caucus in a house, the presiding  
4 officer of that house shall appoint three members from the majority organizational caucus of  
5 that house; at least one legislator from each house must be a member of the standing  
6 committee that considers matters related to health and social services.

7 (c) Terms of office are as follows: (1) members of the commission serve for staggered  
8 terms of three years; (2) if a vacancy occurs in a member's seat on the commission, the entity  
9 that made the original appointment shall appoint a replacement for the unexpired portion of  
10 that member's term. The governor may remove a public member of the commission from  
11 office only for cause.

12 (d) The commission shall employ an executive director, who may not be a member of  
13 the commission. The executive director shall serve at the pleasure of the commission. The  
14 commission shall establish the duties of the executive director. The executive director is in the  
15 partially exempt service under AS 39.25 (State Personnel Act).

16 (e) The Department of Health and Social Services may assign employees of the  
17 department to serve as staff to the commission. The commission shall prescribe the duties of  
18 staff of the commission.

19 (f) The commission, on approval of a majority of its membership and consistent with  
20 state law, shall adopt and amend bylaws governing proceedings and other activities, including  
21 provisions concerning a quorum to transact business and other aspects of procedure;  
22 frequency and location of meetings; and establishment, functions, and membership of  
23 committees.

24 (g) The commission shall serve as the state health planning and coordinating body.  
25 Consistent with state and federal law, the commission shall provide recommendations for and  
26 foster the development of a statewide health plan containing the following:

27 (1) a comprehensive statewide health care policy;

28 (2) a strategy for

29 (A) encouraging personal responsibility in prevention and healthy  
30 living for all residents of the state;

31 (B) reducing health care costs for all residents of the state to below the

1 national average;

2 (C) ensuring access in communities to safe water and wastewater  
3 systems;

4 (D) developing a sustainable health care workforce in the state;

5 (E) ensuring access to quality health care being accessible for all  
6 residents of the state; and

7 (F) increasing the number of residents of the state who are covered by  
8 insurance for health care services.

9 (h) The commission shall review and make recommendations about health care  
10 information for placement on the Department of Health and Social Services' database  
11 developed under AS 18.09.110. The department shall post and make available information  
12 related to the commission, including the commission's annual reports.

13 (i) A member of the commission shall submit an annual report to the legislature and  
14 the governor by February 1 of each year and shall present the key findings of the report in  
15 person to the legislature. The report must summarize significant work, findings, and  
16 recommendations of the commission. The first report of the commission must include a five-  
17 year strategic plan with prioritized, targeted, and defined objectives as well as an evaluation  
18 of the strengths, weaknesses, and relative performance of health care services and conditions  
19 in Alaska. Subsequent reports must include revisions, if any, to the strategic plan, along with a  
20 report on the progress of the commission in meeting the objectives of the plan.

21 (j) A public member appointed to the commission under (b)(4) of this section is not  
22 entitled to a salary, but is entitled to per diem, reimbursement for travel, and other expenses  
23 authorized by law for boards and commissions under AS 39.20.180.

24 (k) The Department of Administration, the Department of Commerce, Community,  
25 and Economic Development, the Department of Labor and Workforce Development, and the  
26 Department of Law shall cooperate with the commission in the performance of its duties.

27 (l) The Alaska Health Care Commission shall terminate on June 30, 2014.

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

30 TRANSITION: PENDING APPLICATIONS, ADMINISTRATIVE APPEALS, AND  
31 COURT ACTIONS FOR THE CERTIFICATE OF NEED PROGRAM. The commissioner of

1 health and social services through the Department of Law shall immediately take steps to seek  
2 dismissal of pending administrative appeals and court actions concerning the issuance of  
3 certificates of need, as appropriate, under AS 18.07, as amended by secs. 3 - 5 of this Act, or  
4 implementation of AS 18.07.

5 \* **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to  
6 read:

7       TRANSITION: REGULATIONS. The Department of Health and Social Services may  
8 proceed to adopt regulations necessary to implement the changes made by this Act. The  
9 regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the  
10 effective date of the statutory changes.

11 \* **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to  
12 read:

13       CERTIFICATE OF NEED STUDY. The Department of Health and Social Services  
14 shall contract with an entity that has no financial interest in health care services to conduct a  
15 comprehensive study of the effects of the certificate of need program in the state. The  
16 department shall provide a copy of the study to the legislature.

17 \* **Sec. 11.** Section 9 of this Act takes effect immediately under AS 01.10.070(c).

18 \* **Sec. 12.** Except as provided in sec. 11 of this Act, this Act takes effect July 1, 2008.