

1 IN THE SENATE

BY SENATOR COOPER
BY REQUEST

2 SENATE BILL NO. 40

3 IN THE LEGISLATURE OF THE TERRITORY OF ALASKA

4 TWENTY-THIRD SESSION

5 A BILL

6 For an Act entitled: "An Act relating to health care services and
7 agreements pertaining thereto; requiring
8 certain persons, corporations and associa-
9 tions to register with the Insurance Commis-
10 sioner; levying taxes thereon; prescribing
11 duties of the Insurance Commissioner; pro-
12 viding penalties and declaring an emergency."

13 BE IT ENACTED BY THE LEGISLATURE OF THE TERRITORY OF ALASKA:

14 Section 1. For the purposes of this act,

15 (a) "Health Care Services" means and includes
16 medical, surgical, hospital and other therapeutic services.

17 (b) "Doctor" means any person lawfully licensed or
18 authorized to render any health care services.

19 (c) "Health Care Service Contractor" means any
20 corporation, cooperative group or association, doctor, or group
21 of doctors, found by the Insurance Commissioner to possess all of
22 the following qualifications:

23 (1) Accepts or proposes to accept prepayment for
24 substantial health care services from persons or groups of
25 persons as consideration for providing such persons with one or
26 more such health care services,

27 (2) Is formed under the sponsorship, and
28 operated under the control, of participant doctors and/or hospitals,
29 or is a cooperative association otherwise qualified hereunder as

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1 a health care contractor.

2 (3) Has contracts with participant doctors
3 and/or hospitals reasonably adequate in numbers and facilities to
4 furnish the health care services provided or proposed to be
5 provided by such health care service contractor.

6 (4) With respect to its management, operates and
7 proposes to operate on a non-profit basis; but this provision
8 shall not prohibit payment of reasonable compensation and retire-
9 ment benefits with respect to services actually rendered.

10 (5) Does not pay and does not propose to pay
11 dividends or other similar returns to stockholders or other
12 persons investing in such health care service contractor. This
13 provision shall not apply with respect to patronage dividends of
14 cooperative associations.

15 (6) Is engaged exclusively in the health care
16 services business, except it, he, or they may engage in profes-
17 sional medical, surgical, hospital, or other therapeutic services.

18 (d) "Participant" means a doctor or hospital who
19 or which has contracted in writing with a health care service
20 contractor to accept payment from such contractor for any health
21 care services rendered to a person who has previously paid such
22 contractor for such services.

23 Section 2. Subject to the provisions of this Act, any
24 health care service contractor may enter into agreements for the
25 benefit of persons or groups of persons which require prepayment
26 for health care services by such persons in consideration of such
27 health care service contractor providing one or more health care
28 services to such persons.

29 Section 3. If any of the health care services which are

1 promised in any such agreement are not to be performed by the
2 health care service contractor, or a participant, or a doctor or
3 hospital designated by either of them, such agreement shall con-
4 tain provision for reimbursement or indemnity of the persons
5 paying for such services, which agreement shall either be under-
6 written by an insurance company authorized to write accident,
7 health and disability insurance in the Territory of Alaska, or
8 guaranteed by a surety company authorized to do business in this
9 territory, or guaranteed by a deposit of cash with the Insurance
10 Commissioner, as hereinafter provided. If the agreement is under-
11 written by an insurance company, the contract or policy of
12 insurance may designate the health care service contractor as
13 the named insured, but shall be for the benefit of the persons
14 who have paid for or contracted for such health care services.
15 If the agreement is guaranteed by a surety company, the surety
16 bond shall designate the Territory of Alaska as the named obligee,
17 but shall be for the benefit of the persons who have paid for or
18 contracted for such health care services, and shall be in such
19 amount as the Insurance Commissioner shall direct, but in no
20 event in a sum greater than one-twelfth of the total sum of
21 money received by the health care service contractor during the
22 preceding twelve months as prepayment of health care services.
23 A copy of such insurance policy or surety bond, as the case may
24 be, and any modification thereof, shall be filed with the Insur-
25 ance Commissioner. Any beneficiary of such policy or bond may
26 bring suit upon such policy or bond, in the name of the Territory,
27 in the District Court for the District of Alaska for non-
28 performance to his damage of said agreement by the health care
29 service contractor, which suit shall be brought within one year

1 of the beneficiary's acquiring knowledge of such non-performance,
2 If the agreement is guaranteed by a deposit of cash, such de-
3 posit shall be in such amount as the Insurance Commissioner shall
4 direct, but in no event in a sum greater than one-twelfth of the
5 total sum of money received by the health care service contractor
6 during the preceding twelve (12) months, as prepayment for
7 health care services. The Insurance Commissioner shall prescribe
8 the amount of cash, if cash is deposited, or the amount of said
9 policy or bond for the first year's operations in the Territory
10 of the health service contractor.

11 Upon receipt of satisfactory proof of the entry of a final
12 judgment against any health care service contractor, based on
13 the failure of such contractor to provide health care services
14 according to the terms of the prepayment contract, the Insurance
15 Commissioner shall immediately deposit, if the health care
16 service contractor deposited cash with him as aforesaid, the
17 amount of said judgment, including costs and accrued interest in
18 the registry of the Court for the benefit of the judgment credi-
19 tor and shall notify the judgment creditor or his attorney of
20 such deposit.

21 Section 4. Every health care service contractor shall
22 register with the Insurance Commissioner on forms to be pre-
23 scribed and provided by the Insurance Commissioner. Such regis-
24 trants shall state their name, address, type of organization,
25 area of operation, type or types of health care services provided,
26 and such other information as may be reasonably required by the
27 Insurance Commissioner, and shall file with such registration a
28 copy of all contracts being offered and a schedule of all rates
29 charged. No registrant shall change any rates, modify any

1 contract, or offer any new contract, until he has filed a copy of
2 the changed rate schedule, modified contract, or new contract with
3 the Insurance Commissioner. The Insurance Commissioner shall
4 charge a fee of Fifty (\$50.00) Dollars for the filing of each
5 original registration statement, and may require each registrant
6 to file a current re-registration statement annually thereafter,
7 for which a fee of Fifteen (\$15.00) Dollars shall be charged.

8 Section 5. Every health care service contractor, on or
9 before March 31 of each year shall make written report to the
10 Insurance Commissioner of all gross revenues received during the
11 preceding calendar year for health care services and shall pay a
12 tax of two per cent on the amount thereof less payments made to
13 or on behalf of persons paying for such services.

14 Section 6. The Insurance Commissioner shall administer
15 and make reasonable regulations in aid of the administration of
16 this act which may include, but shall not be limited to, regula-
17 tions concerning the maintenance of adequate insurance, bonds, or
18 cash deposits, information required of registrants, and methods
19 of expediting speedy and fair payments to claimants.

20 Section 7. Any person who violates any of the provisions
21 of this Act shall be guilty of a misdemeanor.

22 Section 8. This Act is necessary for the immediate
23 preservation of the public peace, health and safety. An
24 emergency is hereby declared to exist and this Act shall take
25 effect immediately upon its passage and approval, or upon its
26 becoming law without such approval.

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