

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.

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
26 or more such health care services.

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

1 as a health care contractor.

2 (3) Has contracts with participant doctors and/or
3 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
9 retirement benefits with respect to services actually rendered.

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

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

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

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

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

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

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

22 Section 4. Every health care service contractor shall
23 register with the Insurance Commissioner on forms to be pre-
24 scribed and provided by the Insurance Commissioner. Such regis-
25 trants shall state their name, address, type of organization,
26 area of operation, type or types of health care services provided,
27 and such other information as may be reasonably required by the
28 Insurance Commissioner, and shall file with such registration a
29 copy of all contracts being offered and a schedule of all rates

1 changed. No registrant shall change any rates, modify any con-
2 tract, or offer any new contract, until he has filed a copy of
3 the changed rate schedule, modified contract, or new contract
4 with the Insurance Commissioner. The Insurance Commissioner shall
5 charge a fee of Fifty (\$50.00) Dollars for the filing of each
6 original registration statement, and may require each registrant
7 to file a current re-registration statement annually thereafter,
8 for which a fee of Fifteen (\$15.00) Dollars shall be charged.

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

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

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

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