

Introduced: 2/28/73
Referred: Health, Education &
Social Services, Judiciary and
Finance

1 IN THE HOUSE

BY TILLION

2 HOUSE BILL NO. 280

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act creating the Alaska health security plan for
7 catastrophe health insurance; establishing the Alaska
8 Health Security Commission; and providing for an
9 effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. AS 21 is amended by adding a new chapter to read:

12 CHAPTER 88. ALASKA HEALTH SECURITY PLAN.

13 ARTICLE 1. LEGISLATIVE DECLARATION OF PURPOSE.

14 Sec. 21.88.010. FINDINGS; INTENT; CONSTRUCTION. (a) The legis-
15 lature finds and declares that the burden of meeting the costs of
16 illness and injury has had and continues to have severely detrimental
17 effects upon the welfare of many persons and families in the state and
18 that the public welfare requires that the financial risk of catastrophic
19 illness should be spread among the entire population.

20 (b) It is the intent of the legislature to establish a health
21 security program to provide reimbursement for the costs of catastrophic
22 illness.

23 (c) Further, it is the intent of the legislature that

24 (1) the health care provided under this chapter shall be of
25 high quality, shall be dispensed in an organized and efficient manner
26 and shall be of reasonable cost;

27 (2) the health security program established by this chapter
28 is created for the benefit of all the people of this state and, there-
29 fore, the program's financial base and level of benefits shall be

1 capable of meeting the health care needs of all the people now and in
2 the future.

3 (d) This chapter shall be construed to encourage the development
4 of innovative and effective systems for the delivery of health care
5 services.

6 ARTICLE 2. STRUCTURE: ORGANIZATION AND ADMINISTRATION.

7 Sec. 21.88.020. ALASKA HEALTH SECURITY COMMISSION CREATED. (a)
8 The Alaska Health Security Commission is created in the Department of
9 Administration consisting of seven members, two of whom will serve
10 ex officio with the power to vote and five of whom shall be appointed
11 by the governor. The ex officio members are the commissioner of admin-
12 istration, or his designee, and the director of the division of insur-
13 ance, Department of Commerce. The members appointed by the governor
14 are:

15 (1) one person who is the chief executive officer of a
16 hospital or group of hospitals or of an organization in which member-
17 ship is limited to hospitals;

18 (2) one person who is a licensed physician and surgeon and
19 has held a license to practice in the state for at least five years;

20 (3) one person who is an executive officer of a comprehensive
21 group practice prepayment health service plan or who is an executive
22 officer of a prepaid health plan, registered or licensed in the state
23 under ch. 87 of this title;

24 (4) one person who is an executive officer of an insurance
25 company authorized to transact "disability insurance" in the state;

26 (5) one person representing the general public as consumers
27 of health care services.

28 (b) No more than two members of the commission may at any one
29 time during the period of their service on the commission own, operate,

1 manage or be employed by any carrier operating under this chapter.

2 Sec. 21.88.030. APPOINTMENT; TERM OF OFFICE; VACANCIES. (a)
3 Members of the commission shall be appointed by the governor for a term
4 of four years and shall hold office until the appointment and confirma-
5 tion of their successors. Of the members initially appointed by the
6 governor, two shall hold office for four years, one for three years,
7 one for two years and one for one year. In making the first appoint-
8 ments to the commission the governor shall designate the term to which
9 each member is appointed. No person may be appointed to membership on
10 the commission for more than three consecutive full four-year terms.

11 (c) Vacancies shall be filled in the same manner as original
12 appointment for the unexpired term. If a vacancy occurs when the legis-
13 lature is not in session, the governor may make an interim appointment
14 which expires on the last day of the next regular session of the legis-
15 lature or upon appointment and confirmation of the successor, whichever
16 occurs first.

17 (d) Every appointment made by the governor to the commission is
18 subject to confirmation by a majority of the members of the legislature
19 in joint session.

20 (e) The governor may remove a member of the commission disqualified
21 under sec. 20(b) of this chapter, or for neglect of a duty required by
22 law or for incompetency or dishonorable conduct.

23 Sec. 21.88.040. OFFICERS. The commission, at its first meeting
24 after appointment and annually at its first meeting in each calendar
25 year, shall elect a chairman and vice-chairman and other officers it
26 considers necessary from among its membership.

27 Sec. 21.88.050. EXECUTIVE OFFICER; STAFF. The commission may
28 appoint an executive officer. The executive officer is a member of the
29 exempt service under AS 39.25.110, serves at the pleasure of the

1 commission, and receives compensation fixed by the commission. The
2 executive officer appoints persons to the staff positions authorized by
3 the commission and staff compensation is fixed by the commission in
4 accordance with AS 39.27. In addition to salary, the executive officer
5 and commission staff are entitled to travel expenses and per diem in
6 accordance with AS 39.20.110 - 39.20.190.

7 Sec. 21.88.060. DUTIES. (a) The commission shall

8 (1) formulate general policies to carry out the purposes of
9 this chapter and direct the work of the executive officer in their
10 implementation;

11 (2) after consultation with the Health Care Advisory Board,
12 promulgate regulations under the Administrative Procedure Act (AS 44.62)
13 to carry out the provisions of this chapter, including but not limited
14 to regulations and other administrative controls to avoid waste or
15 abuse in the administration of the catastrophe health insurance plan.

16 (b) The commission may

17 (1) hold hearings and appoint committees and subcommittees;

18 (2) contract for professional, business and consulting ser-
19 vices that it considers necessary to carry out the provisions of this
20 chapter;

21 (3) subject to AS 37.05, contract for the use of, or procure,
22 office space, equipment and supplies;

23 (4) file, examine, and approve as to form and substance, or
24 reject, documents comprising a proposed approved basic plan;

25 (5) authorize the use of the forms approved by it as con-
26 forming to the state-approved basic plan;

27 (6) contract with carriers for the administration of the
28 catastrophe health insurance plan;

29 (7) prescribe maximum reimbursement rates for health care

1 services under the provisions of the catastrophe health insurance plan.

2 Sec. 21.88.070. MEETINGS, RULES, VOTES REQUIRED. The commission
3 shall meet at least twice annually at a time and place determined by
4 the chairman and at other times and places as the chairman, or a major-
5 ity of the members of the commission, consider necessary. The commis-
6 sion shall prescribe its own rules of procedure; however, a quorum is
7 a majority of the commission members. The votes of the commission
8 members shall be recorded and effective action requires the affirmative
9 vote of a majority of the commission members present. No commission
10 member may, with respect to a matter before the commission, vote for or
11 on behalf of or in any way exercise the vote of another member of the
12 commission.

13 Sec. 21.88.080. COMPENSATION AND PER DIEM. Members of the com-
14 mission serve without compensation but are entitled to per diem and
15 travel expenses as may be authorized by law for boards and commissions.

16 Sec. 21.88.090. HEALTH CARE ADVISORY BOARD. (a) The Comprehen-
17 sive Health Advisory Council established under AS 18.05.051 is ex officio
18 the Health Care Advisory Board for the purposes of this chapter.

19 (b) Members of the board serve without compensation but are
20 entitled to per diem and travel expenses as may be authorized by law
21 for boards and commissions.

22 (c) The board shall advise the commission on matters submitted
23 to it by the commission and shall conduct investigations referred to
24 it by the commission.

25 (d) The board shall meet on call of the chairman of the board or
26 the chairman of the commission, and the chairman of the board shall
27 preside at its meetings.

28 ARTICLE 3. OPERATION OF THE PLAN.

29 Sec. 21.88.100. PURPOSE; ELIGIBILITY FOR CATASTROPHE HEALTH

1 INSURANCE. (a) The purpose of the Alaska health security plan is to
2 assure persons carrying a specified minimum of prepayment health service
3 or health indemnity insurance that there will be adequate coverage of
4 expenses of loss or illness exceeding the limits of the prepaid cover-
5 age. These minimum services are embodied in an approved basic plan.
6 For an enrolled person, when the cost of injuries or illnesses exceeds
7 the expense covered by an approved basic plan, catastrophe health insur-
8 ance shall pay the additional expenses.

9 (b) If a person has no approved basic plan he becomes eligible
10 for catastrophe health insurance coverage only after he has spent at
11 least \$10,000 in any calendar year for health services specified in
12 sec. 21.88.110. This amount may be determined by combining
13 the payments made on his behalf by nonapproved insurance or health ser-
14 vice plans, or the value of health services received under a nonapproved
15 prepaid health plan, and his actual additional expenditures.

16 Sec. 21.88.110. VALUATION OF SERVICES, EXPENDITURES. The commis-
17 sion shall determine the actual value of expenditures and the procedures
18 for valuing the services performed under nonapproved health insurance
19 or health plans.

20 Sec. 21.88.120. APPROVED BASIC PLANS; REQUIRED SERVICES. (a)
21 To be an approved basic plan the health services specified in this
22 section must be provided.

23 (b) Inpatient hospital care services shall be covered for at least
24 100 days in a calendar year. Inpatient hospital care shall include the
25 following services when considered medically necessary:

26 (1) a bed in a semiprivate room and all meals, including
27 special diets;

28 (2) use of operating room, delivery room, recovery room, and
29 other hospital facilities;

1 (3) a private room, intensive care unit services, or coronary
2 care unit services;

3 (4) nursing services except private duty nursing;

4 (5) drugs furnished by the hospital;

5 (6) X-ray and laboratory services;

6 (7) services of physicians, surgeons and podiatrists;

7 (8) services of dentists limited, however, to surgery of
8 the jaw or related structures or setting of fractures of the jaw or
9 facial bones;

10 (9) physical therapy, occupational therapy and speech
11 therapy;

12 (10) medical supplies, splints and casts;

13 (11) use of appliances and equipment furnished by the hos-
14 pital;

15 (12) blood and blood derivatives.

16 (c) Posthospital services in an extended care facility shall be
17 covered for 30 days in a calendar year when medically required. These
18 services shall include:

19 (1) room and board;

20 (2) nursing services, except private duty nursing, provided
21 by the facility;

22 (3) medical supplies and prescribed drugs provided by the
23 facility;

24 (4) X-ray and laboratory services;

25 (5) physician and podiatry services;

26 (6) use of appliances, and equipment furnished by the
27 facility;

28 (7) physical therapy, occupational therapy and speech therapy
29 services;

1 (8) blood and blood derivatives.

2 (d) Outpatient services shall be covered and shall include:

3 (1) \$3,000 of charges and rates authorized by the commission
4 in any calendar year comprising the following group of services:

5 (A) physician services;

6 (B) podiatry services;

7 (C) physical therapy services;

8 (D) home health agency nursing services;

9 (E) diagnostic X-ray and laboratory services not to
10 exceed \$300 of the allowed \$3,000;

11 (F) emergency ambulance transportation to the nearest
12 hospital capable of providing needed care;

13 (G) purchase or rental of durable medical equipment not
14 to exceed \$500 of the allowed \$3,000; and

15 (H) blood and blood derivatives; or

16 (2) 150 visits comprising the following group of services:

17 (A) physician, podiatry, physical therapy, occupational
18 therapy, speech therapy, home health agency;

19 (B) diagnostic X-ray and laboratory services of at least
20 \$300 a year;

21 (C) emergency ambulance transportation to the nearest
22 hospital capable of providing needed care of at least \$100 a year;

23 (D) purchase or rental of durable medical equipment of
24 at least \$500 a year; and

25 (E) blood and blood derivatives of at least \$100 a year.

26 Sec. 21.88.130. APPROVED BASIC PLANS: EXCLUDED SERVICES. (a)

27 To qualify as an approved basic plan, the health services specified in
28 this section may be excluded.

29 (b) Inpatient hospital care necessary to qualify as an approved

1 basic plan may exclude:

- 2 (1) optional personal comfort or convenience items;
- 3 (2) private duty nursing;
- 4 (3) long-term care;
- 5 (4) treatment of mental health disorders, other than acute
- 6 (crisis intervention) hospital care of major psychiatric disorders such
- 7 as psychosis or life-threatening depressive states;
- 8 (5) treatment of alcohol or drug addiction;
- 9 (6) experimental services;
- 10 (7) cosmetic services;
- 11 (8) refractions, except for immediate postcataract glasses;
- 12 (9) routine foot care and treatment of flat feet, sprains
- 13 or partial dislocations;
- 14 (10) dental services or treatment of gums or treatment or
- 15 replacement of teeth.

16 (c) Posthospital services in an extended care facility need not

17 include the services excluded under (b) of this section to qualify as

18 part of an approved basic plan.

19 (d) The following outpatient services need not be included to

20 qualify as an approved basic plan:

- 21 (1) cosmetic or experimental services;
- 22 (2) treatment of mental disorders, alcoholism or drug addic-
- 23 tion;
- 24 (3) physical examinations and X-ray and laboratory services
- 25 except when performed for the purpose of ascertaining or treating the
- 26 cause of a presently disabling condition;
- 27 (4) eye refraction except for immediate postcataract glasses;
- 28 (5) routine foot care and treatment of flat feet, sprains
- 29 and partial dislocations; and

1 (6) other services not required by sec. 120(d) of this
2 chapter, such as outpatient dental services, drugs, chiropractic and
3 psychological services, eyeglasses and hearing aids.

4 Sec. 21.88.140. APPROVED BASIC PLANS: CONDITIONS. (a) Each
5 approved basic plan shall provide for a schedule of minimum and maximum
6 copayments and deductibles, to be paid for inpatient hospital care
7 services, posthospital services in an extended care facility and out-
8 patient services. The commission shall publish this schedule for each
9 approved basic plan, and the amounts to be paid may not exceed the
10 minimum and maximum copayments and deductibles established by the com-
11 mission by regulation.

12 (b) The commission may waive the copayment and deductible require-
13 ments specified in (a) of this section for basic plans which have
14 satisfactory utilization and control features designed to prevent un-
15 necessary utilization of services. Criteria for these waivers shall be
16 developed by the commission and promulgated by regulation.

17 Sec. 21.88.150. ENROLLMENT CONDITIONS. Each approved plan shall
18 provide that enrollment is available at all times to person comprising
19 the groups covered by the terms of the plan. In the case of individual
20 coverage, enrollment shall be available to an individual to whom the
21 coverage is offered. The plan shall set out a description of the
22 individuals to whom coverage is to be offered. The commission may dis-
23 approve a plan which fails to offer coverage to a reasonably broad seg-
24 ment of the population of the state or which requires medical examina-
25 tion, or any representation of the offeree as to his or a dependent's
26 medical history, or bases its underwriting on, or fails to cover the
27 offerees for, present or preexisting medical conditions which may not
28 be excluded under sec. 120 of this chapter.

29 Sec. 21.88.160. ANNUAL APPROVAL. An approved plan shall be

1 reexamined annually by the commission to determine whether the commis-
2 sion's approval may continue for the next enrollment period. The
3 commission may, after its examination, deny or revoke approval or
4 require changes in the plan to comply with changes in the law or regula-
5 tions of the commission occurring after the last approval or to correct
6 an error made by the carrier or the commission with respect to the
7 prior approval.

8 Sec. 21.88.170. APPLICATION FOR APPROVAL; DOCUMENTATION. A car-
9 rier shall submit all documents comprising a part of, or to be used in,
10 the plan together with a certificate on behalf of the carrier that the
11 documents submitted are complete. The documents and any statement
12 required of the carrier supplemental to them shall meet all conditions
13 specified in this chapter. The commission shall by regulation provide
14 the procedure for filing the applications, considering them, and pro-
15 viding opportunity for consultation between the staff of the commission
16 and the applicant carrier. The provisions of the Administrative Proce-
17 dure Act (AS 44.62) do not apply to the filing, consideration, and
18 acceptance or rejection of applications for state approval of health
19 service plans. If the documents submitted, together with any supple-
20 mentary statements submitted by the carrier, show that the proposed plan
21 complies with the provisions of this chapter and the regulations promul-
22 gated by the commission, the commission may approve the plan, and it
23 shall constitute an approved basic plan for the period specified by the
24 commission.

25 Sec. 21.88.180. REIMBURSEMENT RATES. A plan submitted to the
26 commission for approval shall contain the reimbursement rates which
27 shall be used in making payments to providers of service together with
28 the facts and reasons for the rates.

29 Sec. 21.88.190. EXECUTION OF CONTRACTS; NOTIFICATION OF APPROVAL;

1 PENALTIES. (a) Contracts embodying approved basic plans may be exe-
2 cuted only by insurers authorized to transact insurance in the state and
3 organizations governed by ch. 87 of this title.

4 (b) Every prepaid health plan shall notify the person receiving
5 the coverage that the plan is an approved basic plan or that it is not
6 such a plan. In the event that it is not an approved basic plan, if
7 the plan is evidenced by a written contract issued to the covered per-
8 son, the document must on its first page state "This health plan has
9 not been approved by the State of Alaska." If the plan is evidenced
10 by a master contract with certificates issued to the covered person,
11 that statement shall appear on the front of each certificate so issued.
12 If these certificates are not issued to all persons receiving the cover-
13 age, then a document approved by the commission shall be sent to each
14 covered person containing the information that the plan has not been
15 approved by the state.

16 (c) Carriers effecting state-approved plans may indicate that
17 approval in any documents issued with respect to the plan.

18 (d) An insurer, hospital association, or prepaid health plan
19 organization which solicits, negotiates, or effects health services
20 coverage that is not an approved basic plan and fails to give notice of
21 that fact to the covered person before effecting the coverage is guilty
22 of a misdemeanor and, upon conviction, is punishable by imprisonment for
23 not more than one year, or by a fine of not more than \$1,000, or by
24 both.

25 ARTICLE 4. CATASTROPHE HEALTH INSURANCE COVERAGE.

26 Sec. 21.88.200. SERVICES COVERED, EXCLUDED. (a) The services
27 specified in this section are covered each year by state catastrophe
28 health insurance.

29 (b) Inpatient hospital care shall cover the same services as

1 provided in sec. 120(b) of this chapter, with the same exclusions as
2 provided in sec. 130(b) of this chapter. However, there may be no
3 limit on the number of hospital days except those limits resulting from
4 utilization controls set out in regulations promulgated by the commis-
5 sion.

6 (c) Posthospital services in an extended care facility shall
7 cover the same services as provided in sec. 120(c) of this chapter,
8 with the same exclusions as provided in sec. 130(c) of this chapter.
9 However, there may be no limit on the number of services except those
10 limits resulting from utilization controls set out in regulations pro-
11 mulgated by the commission.

12 Sec. 21.88.210. CHRONIC HEMODIALYSIS SERVICES. Chronic hemo-
13 dialysis services shall be covered subject, however, to the restrictions
14 set out in sec. 270(b) of this chapter and subject to financial criteria
15 for cost sharing between the state and the individual receiving that
16 service as determined by regulations promulgated by the commission.

17 ARTICLE 5. FUNDING.

18 Sec. 21.88.220. EARNER CONTRIBUTION. Beginning January 1, 1975,
19 each income earner in the state shall contribute \$4 a month for catas-
20 trophe health insurance.

21 Sec. 21.88.230. EMPLOYER DUTIES. Notwithstanding any other pro-
22 vision of law, each employer shall withhold in trust the amount of his
23 employees' contributions from their wages at the time the wages are
24 paid, show the deduction on his payroll records, furnish each income
25 earner with a statement in writing showing the amount which has been
26 deducted, in the form and at the times as may be prescribed, and
27 transmit all of these contributions to the health security revolving
28 fund in accordance with regulations promulgated by the commission.

29 Sec. 21.88.240. NONCOVERED INCOME EARNER. A person not covered

1 by sec. 230 of this chapter who is an income earner as defined in sec.
2 390(11) of this chapter shall file, in accordance with regulations
3 promulgated by the commission, a return showing his income or that he
4 is an income earner and shall at the time of filing the return pay at
5 the rate of \$4 a month in advance for not less than three months. The
6 commission may, by regulation, prescribe the time of filing these
7 returns and may also provide for the filing of the returns and payments
8 in advance on a semiannual or annual basis.

9 Sec. 21.88.250. EMPLOYER LIABILITY. Each employer is liable for
10 all contributions made by his employees on account of wages which he
11 has paid to them regardless of whether or not the contributions were
12 withheld.

13 Sec. 21.88.260. CONTRIBUTIONS EXEMPT. Contributions by income
14 earners payable as provided in this chapter are exempt from garnishment,
15 attachment, execution, or any other remedy for the collection of debts
16 except an action by the state or a state agency to collect the contri-
17 butions required to be made by the income earner. If an employer becomes
18 insolvent or bankrupt, the contributions may not be considered any part
19 of his assets and shall be paid to the commission before the payment of
20 any other claim against the employer.

21 Sec. 21.88.270. ENROLLMENT. (a) All income earners and their
22 dependents who make their first monthly contribution during the month
23 of January, 1975, and who continue to make monthly contributions, are
24 entitled to enrollment for catastrophe health insurance.

25 (b) Persons enrolling after January, 1975 and who continue to
26 make their monthly contribution of \$4 are entitled to enrollment for
27 catastrophe health insurance under this chapter only after making six
28 successive monthly contributions. However, coverage for chronic hemo-
29 dialysis may not commence until 36 successive monthly contributions

1 have been made.

2 Sec. 21.88.280. DIRECT PAYMENT OF CONTRIBUTIONS. A person who
3 is not covered by secs. 220 and 230 of this chapter, by application to
4 the commission and the direct payment to it of \$4 a month and each
5 month thereafter, shall be enrolled for catastrophe health insurance
6 under this chapter.

7 Sec. 21.88.290. UNEMPLOYED PERSONS; COVERAGE. Persons otherwise
8 eligible for coverage under catastrophe health insurance who suffer
9 unemployment without fault of their own may, on application to the com-
10 mission, be relieved of the requirement to make contributions under
11 this chapter during the duration of the unemployment. However, relief
12 from making contributions may not exceed six months. After the six-
13 month period an unemployed person may voluntarily enroll under sec. 280
14 of this chapter. The commission shall implement this section by the
15 promulgation of appropriate regulations.

16 Sec. 21.88.300. The commission may, by regulation, require em-
17 ployers to furnish information in the form it finds convenient or neces-
18 sary for catastrophe health insurance enrollment under this chapter.

19 ARTICLE 6. HEALTH SECURITY REVOLVING FUND.

20 Sec. 21.88.310. CREATION. There is created a special fund in the
21 state known as the "health security revolving fund" to be administered
22 by the commission without liability on the part of the state beyond the
23 amounts paid into and earned by the fund. This fund shall consist of
24 all contributions and money paid into and received by the commission
25 under this chapter, property and securities acquired by and through the
26 use of money belonging to the fund, and interest earned upon the money
27 belonging to the fund.

28 Sec. 21.88.320. TRUST ADMINISTRATION; DISBURSEMENTS. The fund
29 shall be administered in trust and used solely to pay for services and

1 their administration under this chapter. Payment for services shall be
2 by warrants drawn on vouchers drawn on the fund by the commissioner of
3 administration and no other disbursements may be made from the fund.
4 Commission regulations governing the disbursement of money from the
5 fund shall be consistent with applicable provisions of AS 37.10 and
6 regulations promulgated under that chapter by the Department of Adminis-
7 tration. However, all money in the fund is continuously appropriated
8 solely for the purposes specified in, and for the implementation of,
9 this chapter.

10 Sec. 21.88.330. DUTIES OF COMMISSIONER OF ADMINISTRATION. (a)
11 The commissioner of administration is the treasurer of the fund and
12 he shall pay all vouchers drawn upon the fund in the manner the commis-
13 sion prescribes consistent with AS 37.10 and the regulations promulgated
14 under that chapter.

15 (b) The commissioner of administration has custody of all money
16 belonging to the fund and otherwise held and deposited or invested under
17 this chapter. The official bond of the commissioner of administration
18 shall cover the faithful performance of his duties as treasurer of the
19 fund. The commissioner shall deposit and invest and otherwise deal
20 with the fund under the supervision and control of the commission in a
21 manner consistent with the provisions of this chapter and AS 37.10.

22 Sec. 21.88.340. ADMINISTRATIVE EXPENSES. The expenses for the
23 administration of this chapter are subject to legislative appropriation.

24 Sec. 21.88.350. CARRIERS' CONTRACTS. In connection with catas-
25 trophe health insurance, by contract with the commission, carriers
26 may pay claims, coordinate approved basic plans with catastrophe health
27 insurance, determine, by application of appropriate commission regula-
28 tions, the financial requirements to be met by claimants who do not have
29 approved basic plan coverage, and perform those other services in the

1 operation of the Alaska health security plan that the commission con-
2 siders appropriate.

3 Sec. 21.88.360. FISCAL EMERGENCIES. Whenever the commission, or
4 the commissioner of administration, estimates that the condition of the
5 health security revolving fund is such that there is a possibility that
6 in the current or succeeding fiscal year there will be insufficient
7 funds to operate and pay claims in full, the commission, or the commis-
8 sioner of administration, shall

9 (1) notify the legislature and the governor of the situation
10 and, if either the commission or the commissioner of administration
11 considers it advisable, recommend corrective legislation; and

12 (2) take those measures, including but not limited to a pro
13 rata or installment payment of claims, to avoid insolvency of the fund.

14 ARTICLE 7. EXEMPTIONS.

15 Sec. 21.88.370. CERTAIN PERSONS INELIGIBLE FOR CATASTROPHE HEALTH
16 INSURANCE. The following are ineligible for enrollment in catastrophe
17 health insurance and thus are exempt from the provisions of this chap-
18 ter:

19 (1) persons receiving public assistance cash grants and
20 their dependents;

21 (2) medically needy or medically indigent persons as those
22 terms are defined in applicable regulations of the Department of Health
23 and Social Services, or the United States Department of Health, Educa-
24 tion and Welfare, governing medical assistance to the destitute, indi-
25 gent or needy;

26 (3) persons eligible for and receiving from the state under
27 AS 47.40, or under a comparable federal program, full cost of care
28 services;

29 (4) members of the armed forces on active duty and their

1 dependents.

2 Sec. 21.88.380. COMPLETE COVERAGE UNDER PREPAID HEALTH PLAN OR
3 HEALTH INSURANCE CONTRACTS; DECERTIFICATION. Persons and their depen-
4 dents entitled to health care services under prepaid health plan
5 contracts or health insurance contracts which under one or more of
6 these contracts cover completely all the services provided or to be
7 provided under an approved basic plan and the catastrophe health plan
8 set out in this chapter, if the commission certifies to that coverage,
9 are exempt from this chapter. The commission shall deliver a copy of
10 that certification to these persons. Upon receipt of that certifica-
11 tion and thereafter while the certification is in force, the person
12 and employer are free of all requirements except reporting requirements
13 imposed by secs. 220 - 260, inclusive, of this chapter, and shall in
14 all other respects be exempt from the operation of this chapter. The
15 commission may decertify a plan for failure of a carrier under the
16 plan to meet coverage requirements or upon termination as to the whole
17 or any part of the plan.

18 ARTICLE 8. MISCELLANEOUS.

19 Sec. 21.88.390. DEFINITIONS. In this chapter

- 20 (1) "approved basic plan" means a contract for coverage
21 of health services meeting at least the minimum standards prescribed
22 by this chapter and approved by the commission;
- 23 (2) "board" means the Health Security Advisory Board;
- 24 (3) "carrier" means an entity underwriting or providing
25 health services under an approved basic plan or administering catas-
26 trophe health insurance under contract with the commission;
- 27 (4) "commission" means the Alaska Health Security Commission;
- 28 (5) "copayment" or "deductible" means a payment which is
29 the responsibility of the insured or covered person;

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(6) "department" means the Department of Administration;

(7) "dependent" means a person living in the same household as the income earner and either related to him within the second degree or to whom he supplies half or more of the cost of the dependent's annual support; however, a student living away from home to attend school may be covered as a dependent of the income earner until his 19th birthday;

(8) "enrollment" means acceptance of a person and his dependents by a carrier as covered under the carrier's prepaid health plan or as covered by the state under catastrophe health insurance;

(9) "fund" means the health security revolving fund;

(10) "health services" are the services specified in secs. 120 and 200 of this chapter;

(11) "income earner" means a person having an annual income of \$500 or more, or a member of a household which has a total annual income of \$1,000 or more, after excluding income received from

(A) federal old age and survivors insurance provisions of the Social Security Act;

(B) the Federal Railroad Retirement System;

(C) a private annuity contract comprising a return of principal;

(D) unemployment insurance;

(E) unemployment disability insurance; and

(F) cash grant public assistance payments;

(12) "prepayment" means a payment made or due to a provider or the state for the coverage of health services during a prescribed period; it includes but is not limited to a premium for health insurance, and a reference to "prepaid health plan" includes a health insurance contract unless otherwise expressly provided;

1 (13) "provider of service" means an individual, partnership,
2 association, corporation, institution, or public agency meeting appli-
3 cable requirements for licensing and registration required by state
4 law as a condition to rendition of the particular service;

5 (14) "utilization control" or "utilization controls" refers
6 to those measures used to assure proper use and application of health
7 services;

8 (15) "year" means a calendar year, except as otherwise pro-
9 vided.

10 Sec. 21.88.400. SHORT TITLE. This chapter may be cited as the
11 Alaska Health Security Act.

12 * Sec. 2. AS 18.05.053 is amended by adding a new paragraph to read:

13 (4) serve, ex officio, as the Health Care Advisory Board
14 under AS 21.88 (Alaska health security plan).

15 * Sec. 3. AS 39.25.110 is amended by adding a new paragraph to read:

16 (14) the executive officer of the Alaska Health Security
17 Commission.

18 * Sec. 4. This Act takes effect January 1, 1975.
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