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Offered: 6/2/78
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 409

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to catastrophic illness; and providing
7 for an effective date."

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

9 * Section 1. AS 47 is amended by adding a new chapter to read:

10 CHAPTER 3. CATASTROPHIC ILLNESS ASSISTANCE.

11 Sec. 47.08.010. REIMBURSEMENT OF PROVIDERS. According to the
12 provisions of this chapter, the Department of Health and Social Services
13 shall reimburse providers of medical care for unpaid costs incurred in
14 the treatment of a person suffering an illness or accident which results
15 in financial catastrophe to the person or his family.

16 Sec. 47.08.020. CATASTROPHIC ILLNESS COMMITTEE. There is created
17 the Catastrophic Illness Committee, consisting of a medical review of-
18 ficer from the Department of Health and Social Services, a member ap-
19 pointed by the governor who has suffered a catastrophic illness, and a
20 representative of the Department of Commerce and Economic Development
21 appointed by the governor.

22 Sec. 47.08.030. NOTICE. The committee shall enlist the assistance
23 of medical providers in making the public aware of the catastrophic
24 illness assistance program.

25 Sec. 47.08.040. APPLICATIONS FOR ASSISTANCE. An application for
26 financial assistance under this chapter may be filed by a person who has
27 suffered catastrophic illness or by a parent, spouse, or legal guardian
28 of that person, or by any other interested party with the written
29 consent of the person who has suffered the catastrophic illness.

1 Sec. 47.08.050. SERVICES EXCLUDED FROM COVERAGE. Annually, the
2 committee shall determine in light of appropriated funds and expected
3 need the medical expenses reimbursable under this chapter, except that
4 the following are not reimbursable:

5 (1) dentistry and optometry unless prescribed by a licensed
6 dentist or physician as medically necessary as the result of the injury
7 or illness;

8 (2) elective medical or surgical procedures;

9 (3) drugs and medications not prescribed by a licensed physi-
10 cian;

11 (4) services received as a result of a pregnancy or birth
12 without unusual complications;

13 (5) private psychological or psychiatric treatment or private
14 alcoholism treatment, unless not available from public agencies or pro-
15 grams;

16 (6) chiropractic services;

17 (7) services not of a medical nature;

18 (8) medical services currently provided to persons in the
19 custody of the division of corrections;

20 (9) costs incurred before July 1976.

21 Sec. 47.08.060. CALCULATION OF APPLICANT'S SHARE. (a) As fre-
22 quently as necessary the committee shall adopt, in light of appropriated
23 funds and expected need, a formula to be used in determining the appli-
24 cant's share of total medical expenses incurred as a result of a catas-
25 trophic illness, based on the applicant's annual gross income, number of
26 dependents, amount of assets, and forthcoming third-party payments, all
27 considered in light of the requirement that the applicant's share will
28 be paid to the provider on a payment schedule covering a period of at
29 least three years.

1 (b) For the purposes of applying the formula to determine the
2 applicant's share, multiple catastrophic illness occurring within a
3 12-month period to the applicant or other members of the applicant's
4 family shall be treated as one catastrophic illness.

5 (c) In applying the formula to determine the applicant's share,
6 the total gross income and the total assets of the family of the appli-
7 cant may be taken into account, with the following exceptions:

- 8 (1) the applicant's permanent place of abode;
- 9 (2) one noncommercial vehicle;
- 10 (3) tools, equipment, vehicles and other assets required in a
11 trade or business;
- 12 (4) ordinary household and personal effects;
- 13 (5) \$1,000 of liquid assets;
- 14 (6) all nonliquid assets unless such an exclusion would bring
15 about an inequitable result; however, all income derived from such pro-
16 perty shall be taken into consideration in determining the recipient's
17 gross income;
- 18 (7) inalienable shares in a Native corporation created under
19 the Alaska Native Claims Settlement Act, P.L. 92-203; 43 U.S.C. 1601
20 et seq., for the period of their inalienability as specified in the Act;
- 21 (8) Alaska longevity bonus payments;
- 22 (9) any other assets specifically restricted for the use of
23 the recipient by state or federal law.

24 (d) Assets received by the applicant as a custodian, guardian,
25 conservator, or trustee for another are not considered assets of the
26 custodian, guardian, conservator, or trustee himself.

27 (e) The applicant's share shall be reduced in the amount of any
28 premiums paid for disability insurance or a prepaid medical plan up to
29 \$500 if incurred in the 12-month period beginning with the occurrence of

1 the injury or the onset of the illness.

2 (f) Notwithstanding the provisions of this section, the committee
3 may waive payment of an applicant's share when the catastrophic illness
4 is the proximate result of an immunization required by law.

5 Sec. 47.08.070. STANDARDS FOR REIMBURSEMENT TO PROVIDERS. The
6 amount that the committee reimburses providers for medical services
7 rendered to a person who has suffered catastrophic illness may not be
8 greater than 100 per cent of the total unpaid bills related to the
9 catastrophic illness and shall be determined by the following standards:

10 (1) Only unpaid medical expenses for periods not to exceed 12
11 months, and related to catastrophic illness, may be considered. The
12 initial 12-month period begins with the date of the first charges in-
13 curred because of the illness.

14 (2) The committee may not reimburse a provider if the appli-
15 cant's total medical expenses related to the catastrophic illness are
16 less than \$1,000 in any period not exceeding 12 months described in (1)
17 of this section after all sources of third-party payment have been ex-
18 hausted by the applicant or by someone acting on behalf of the appli-
19 cant.

20 (3) The committee may not reimburse a provider for the appli-
21 cant's share of the total medical expenses; moreover, a reimbursement to
22 the provider shall be conditioned on the provider's agreement that the
23 provider enter into a payment schedule with the applicant which will
24 result in full liquidation of the applicant's share. Payment schedules
25 may not be for a term of less than three years.

26 Sec. 47.08.080. RECONSIDERATION OF DECISION BY COMMITTEE. The
27 committee shall promptly notify an applicant of its decision with writ-
28 ten reasons for the amount of the award or denial. An applicant who is
29 dissatisfied with a decision of the committee may apply to the committee

1 for reconsideration within 30 days of receipt of the decision. The
2 request for reconsideration must include a written statement of grounds
3 for reconsideration and any supporting documentation which was not
4 available to the committee for its original decision. Within 30 days
5 after receipt of a request for reconsideration, the committee shall
6 affirm, amend, or reverse its original decision. The committee shall
7 promptly notify the applicant of its decision upon reconsideration with
8 written reasons for its action. Information describing hearing rights
9 and procedures must be furnished with the written notification of de-
10 nial.

11 Sec. 47.08.090. HEARING. An applicant who is dissatisfied with
12 the committee's decision upon reconsideration may request a hearing in
13 accordance with procedures established under AS 47.25.180.

14 Sec. 47.08.100. FINALITY OF DECISIONS. Decisions as to catas-
15 trophic illness awards are final

16 (1) 30 days after the applicant receives the committee's
17 decision unless a reconsideration is requested during that time;

18 (2) 30 days after the applicant receives the committee's
19 decision upon reconsideration unless a hearing is requested during that
20 time;

21 (3) 15 days after the applicant receives the hearing author-
22 ity's decision if that decision is not appealed to the director during
23 that time;

24 (4) upon being notified of the decision of the director if an
25 appeal is taken to the director under AS 47.25.180;

26 Sec. 47.08.110. EXTENSION OF TIME LIMITS. Time limits for recon-
27 sideration or for requesting an appeal may be extended, at the dis-
28 cretion of the committee, upon application or upon the committee's own
29 motion. A request for reconsideration or for a hearing shall be con-

1 sidered made on the date when the request is dispatched rather than the
2 date when it is received by the committee.

3 Sec. 47.08.120. RECOVERY FROM A COLLATERAL SOURCE. If the appli-
4 cant or a provider receives payment from any other source for medical
5 expenses which have been paid by the committee, the applicant or pro-
6 vider is liable to the committee in the amount of that payment. An
7 application may not be considered by the committee unless the applicant
8 agrees to this provision. A provider may not be paid by the committee
9 under this chapter unless the provider agrees to this provision.

10 Sec. 47.08.130. REGULATIONS. The department may adopt regula-
11 tions, in accordance with the Administrative Procedure Act, which
12 establish rates of reimbursement to providers for medical expenses
13 incurred, as well as other regulations necessary to carry out the pur-
14 poses of this chapter.

15 Sec. 47.08.140. DEFINITIONS. In this chapter

16 (1) "applicant" means a person who has suffered a catastro-
17 phic illness and is applying for assistance under this chapter or is the
18 subject of an application for assistance under this chapter;

19 (2) "applicant's share" means the amount of the total medical
20 expense related to the catastrophic illness which the committee deter-
21 mines the applicant can reasonably be expected to pay based on income,
22 assets, and number of dependents under sec. 60 of this chapter;

23 (3) "catastrophic illness" means illness or injury which
24 result in medical expenses of over \$1,000 during a period not to exceed
25 12 months, after all other sources of third-party payment have been ex-
26 hausted;

27 (4) "committee" means the Catastrophic Illness Committee,
28 created under sec. 20 of this chapter;

29 (5) "elective medical or surgical procedures" means treatment

1 which is not essential to the life or health of a person;

2 (6) "family" means two or more persons related by blood or
3 marriage or adoption living as one economic unit;

4 (7) "liquid assets" means assets which can be readily con-
5 verted to cash;

6 (8) "medical expense" means any financial obligation incurred
7 in the course of treatment of illness as prescribed by a physician, in-
8 cluding bills for ancillary services, patient transportation, transpor-
9 tation of a medical or family escort when reasonably necessary, or
10 living expenses while receiving outpatient treatment in a community to
11 which the applicant is not reasonably able to commute from his permanent
12 place of abode;

13 (9) "nonliquid assets" means all assets which are not liquid
14 assets;

15 (10) "permanent place of abode" means a dwelling, or a dwell-
16 ing unit in a multiple dwelling, including lots and outbuildings or an
17 appropriate portion of these, which are necessary to convenient use of
18 the dwelling unit;

19 (11) "provider" means a licensed physician, pharmacist, den-
20 tist, or other health service worker or a licensed hospital, clinic,
21 skilled nursing home, intermediate care facility or health maintenance
22 organization which has provided services not excluded by sec. 50 of this
23 chapter to an applicant as a result of a catastrophic illness;

24 (12) "third-party payments" means payments of medical expenses
25 related to a catastrophic illness by sources other than the applicant or
26 the committee, including but not limited to state and federal medical
27 assistance programs, private health insurance, employment-related health
28 insurance, military health insurance, workmen's compensation, violent
29 crimes compensation, Indian Health Service of the United States Depart-

1 ment of Health, Education and Welfare, and awards in legal actions.

2 * Sec. 2. AS 47.25.255 is repealed.

3 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
4 070(c).

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