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Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 227 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the health of residents of the
7 state; and providing for an effective date."

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

9 * Section 1. AS 18 is amended by adding a new chapter to read:

10 CHAPTER 27. STATE HEALTH INSURANCE.

11 Sec. 18.27.010. STATE COMPREHENSIVE HEALTH PLAN. (a) The state
12 comprehensive health plan shall be established by the commissioner and
13 benefits shall be made available to the public not later than July 1,
14 1981. The commissioner shall establish minimum benefit standards for
15 the state comprehensive health plan and shall provide for the under-
16 writing and administration of the state comprehensive health plan through
17 competitive bidding procedures.

18 (b) A resident of the state is entitled to enroll in the state
19 comprehensive health plan if

20 (1) the resident is not eligible for Medicare and is not
21 covered under a state or federal health program;

22 (2) the resident is not covered by a group health insurance
23 plan.

24 Sec. 18.27.020. STATE HEALTH PREMIUM PROGRAM. (a) A resident of
25 the state is entitled to an insurance premium supplement under the state
26 health premium program if

27 (1) the resident is enrolled in the state comprehensive
28 health plan or an individual health insurance policy which is certified
29 by the director of insurance as meeting or exceeding the benefit stan-

1 dards of the state comprehensive health plan established by the commis-
2 sioner under AS 18.27.010(a);

3 (2) the resident is not enrolled in a group health insurance
4 policy or covered under a state or federal health program; and

5 (3) the resident qualifies for a supplement under (b) of this
6 section.

7 (b) The amount of the insurance premium supplement is equal to 80
8 percent of the monthly premium cost less eight percent of the monthly
9 premium cost for every \$100 of the adjusted gross income of the insured,
10 as defined by regulation of the commissioner, over \$1,000 per month.
11 The premium cost of the state comprehensive health plan is the maximum
12 amount of monthly premium cost which may be used in the calculation of
13 the supplement. The \$1,000 per month of adjusted gross income used in
14 the calculation shall be adjusted periodically by the commissioner by
15 regulation to correspond with the changes in the consumer price index.

16 Sec. 18.27.030. DEFINITIONS. In this chapter "commissioner" means
17 the commissioner of administration.

18 * Sec. 2. The commissioner of administration shall study and report to
19 the legislature by the 10th day of the First Session of the Twelfth Legisla-
20 ture on

21 (1) the major medical insurance needs of residents of the state
22 which are essentially unmet by existing resources;

23 (2) the number and characteristics of persons currently not covered
24 by a group health plan or federal or state health program;

25 (3) the number of persons eligible to participate in the state
26 health premium program established under AS 18.27.020 enacted in sec. 1 of
27 this Act;

28 (4) the proposed benefit schedules and the estimated actuarial
29 cost of insurance coverage addressing the major medical insurance needs

1 identified in 1 - 3 of this section;

2 (5) the proposed implementation of AS 18.27.

3 * Sec. 3. The commissioner of administration shall hold statewide public
4 hearings for consideration of the needs and proposals described in sec. 2 of
5 this Act and to inform the public of the benefits provided under AS 18.27.

6 * Sec. 4. AS 39.30.090(1) is amended to read:

7 (1) A group insurance policy shall provide one or more of the
8 following benefits: life insurance, accidental death and dismemberment
9 insurance, weekly indemnity insurance, hospital expense insurance,
10 surgical expense insurance, dental expense insurance, audio-visual
11 insurance, alcoholism and drug dependency insurance, or other medical
12 care insurance.

13 * Sec. 5. AS 39.30 is amended by adding a new section to read:

14 Sec. 39.30.092. COVERAGE FOR ALCOHOLISM AND DRUG DEPENDENCE. (a)
15 The group insurance policy required by AS 39.30.090(1)

16 (1) shall provide coverage for alcoholism and drug dependence
17 to include

18 (A) inpatient detoxification benefits for not less than
19 14 days of benefit each calendar year in a state-approved treatment
20 facility or licensed hospital; payment of institutional and profes-
21 sional benefits shall be equal to and payable as any other covered
22 condition, except a covered condition which, by the terms of the
23 policy, has an internal restriction;

24 (B) inpatient treatment coverage benefits for not less
25 than 30 days of benefit each calendar year in a state-approved
26 treatment program; payment of institutional and professional bene-
27 fits shall be at the same level as any other covered condition,
28 except a covered condition which, by the terms of the policy, has
29 an internal restriction; and

1 (C) outpatient treatment coverage benefits of not less
2 than 30 visits each calendar year if treatment is provided by a
3 licensed physician, state-approved treatment program, or state-
4 certified professional substance abuse counselor; coverage shall
5 include individual, family or group therapy; benefits shall be paid
6 at not less than 75 percent of the usual, customary and reasonable
7 charge for a medical procedure, treatment or service in the geo-
8 graphic area;

9 (2) may not exclude dependents otherwise covered and may not
10 limit coverage for alcoholism or drug dependence because of age, sex or
11 state of illness;

12 (3) may not apply preexisting or named condition exclusions
13 to deny coverage for alcoholism or drug dependence; and

14 (4) may require a physician's certification of necessity as a
15 condition of payment for alcoholism or drug dependence treatment.

16 (b) The provisions of this section apply to group health insurance
17 contracts and group service or indemnity type contracts issued to pro-
18 vide coverage for employees of the state and may apply to contracts for
19 the benefit of employees of other participating governmental units only
20 if the governing body of the governmental unit elects to have the provi-
21 sions apply.

22 (c) In (a) of this section,

23 (1) "alcoholism" means an illness or condition characterized
24 by the habitual lack of self control in the use of alcoholic beverages,
25 or use of alcoholic beverages to the extent that health is substantially
26 impaired or endangered, or social or economic function is substantially
27 disrupted;

28 (2) "drug dependence" means the condition of being physically
29 or psychologically addicted to an opiate, opiate derivative, tranquil-

1 izer, amphetamine, barbiturate, or similar substance, but excluding
2 nicotine, caffeine and alcohol;

3 (3) "state" means any state in the United States and includes
4 the District of Columbia.

5 * Sec. 6. AS 39.30.100 is amended to read:

6 Sec. 39.30.100. DEFINITIONS. In AS 39.30.090 - 39.30.100 [AS 39.-
7 30.090]

8 (1) "eligible employee" means

9 (A) an employee who has served in permanent full-time or
10 part-time employment with the same governmental unit for 30 days or
11 more, except an emergency or temporary employee, and

12 (B) an elected or appointed official of a governmental
13 unit, effective upon taking the oath of office;

14 (2) "governmental unit" means the state, a borough, municipal
15 corporation, or other political subdivision of the state, and the North
16 Pacific Fishery Management Council;

17 (3) "insurance", "insurance carrier" and "insurance policy"
18 include health care services, health care service contractors and con-
19 tracts.

20 * Sec. 7. The provisions of secs. 4 - 6 of this Act apply to group poli-
21 cies or contracts which provide coverage under AS 39.30.090 - 39.30.100 and
22 which are delivered, issued for delivery, or renewed in this state after the
23 effective date of this Act. A policy or contract providing coverage for
24 eligible employees in this state delivered, issued for delivery, or renewed
25 after the effective date of this Act provides the minimum coverage required
26 by this Act even if the language of the policy or contract does not so
27 specifically provide.

28 * Sec. 8. AS 47.05 is amended by adding new sections to read:

29 Sec. 47.05.070. MEDICAL ASSISTANCE BY INSURANCE OR SERVICE CON-

1 TRACTS. (a) The commissioner shall use available medical assistance
2 funds to purchase and pay premiums on policies of insurance or pay the
3 expenses on health maintenance organization service contracts or medical
4 or hospital service contracts that provide one or more of the medical
5 services available under state medical assistance programs.

6 (b) The policy of insurance or the contract must by its terms
7 guarantee

8 (1) to provide the medical services allowed under state law;

9 (2) to provide medical services under policies of insurance
10 or contracts in compliance with applicable laws and regulations;

11 (3) to provide the statistical data, records, and reports
12 relating to the provision, administration, and costs of providing
13 medical services as required by the commissioner.

14 Sec. 47.05.080. CONTRACTS WITH DIRECT PROVIDERS OF CARE AND
15 SERVICE. (a) The commissioner may enter into nonexclusive contracts
16 under which funds available for medical assistance may be administered
17 and disbursed by the contractor to direct providers of medical and
18 remedial care and services available under medical assistance for
19 services rendered and supplies furnished by them.

20 (b) A contract under this section shall

21 (1) oblige the contractor to make payments under the contract
22 promptly and not later than 30 days after receipt of the proper evidence
23 of the claim; and

24 (2) provide data, records, and reports required by the com-
25 missioner.

26 Sec. 47.05.090. IMPLEMENTATION. The commissioner shall implement
27 the provisions of AS 47.05.070 - 47.05.090 when the commissioner
28 determines that comparable benefits are available at equal or less cost
29 than direct payments by the department to the providers of medical

1 assistance.

2 Sec. 47.05.100. INTERIM PAYMENT. The department may make an
3 interim payment before receipt of billing for service to providers who
4 serve a large volume of state medical assistance clients under regula-
5 tions of the department.

6 Sec. 47.05.110. INTEREST ON LATE PAYMENTS. When presented by a
7 provider of medical services with a clean claim, the state shall pay

8 (1) interest at the rate of one percent per month when
9 payment is delayed more than 30 days after presentation of the clean
10 claim;

11 (2) interest at the rate of two percent per month when
12 payment is delayed more than 90 days after presentation of the clean
13 claim; and

14 (3) a full months interest entitlement if the claim is not
15 paid by the 15th day of a calendar month.

16 Sec. 47.05.120. DEFINITIONS. In AS 47.05.070 - 47.05.120

17 (1) "clean claim" means a claim for payment which can be
18 processed without obtaining additional information from the provider of
19 the service or from a third party; it includes a claim with errors
20 originating in the department's claims processing system, but does not
21 include claims from a provider who is under investigation for fraud or
22 abuse, or a claim under review for medical necessity;

23 (2) "commissioner" means the commissioner of health and
24 social services;

25 (3) "department" means the Department of Health and Social
26 Services;

27 (4) "medical assistance" means Medicaid (AS 47.07), general
28 relief medical (AS 47.25.120), catastrophic illness (AS 47.08), and
29 crippled children's and maternal and child health programs (AS 18.05.-

1 010).

2 * Sec. 9. AS 47.07.020(b) is repealed and re-enacted to read:

3 (b) Residents of the state for whom the Social Security Act allows
4 optional medical coverage qualifying for federal financial participation
5 are eligible for medical assistance.

6 * Sec. 10. AS 47.07.030 is repealed and re-enacted to read:

7 Sec. 47.07.030. MEDICAL SERVICES TO BE PROVIDED. Medical services
8 to be offered to eligible persons include services eligible for federal
9 financial participation under Title XIX of the federal Social Services
10 Act.

11 * Sec. 11. AS 47.25.120 is amended to read:

12 Sec. 47.25.120. ELIGIBILITY FOR ASSISTANCE. Financial assistance
13 may be given under AS 47.25.120 - 47.25.300 [, SO FAR AS PRACTICABLE
14 UNDER THE CONDITIONS IN THIS STATE,] to

15 (1) a needy person who is eligible under the regulations of
16 the department; and

17 (2) a medically needy person whose income is less than the
18 medically needy income standard or who has incurred medical expenses
19 which equal or exceed the difference between the person's monthly in-
20 come and the medically needy income standard; the medically needy in-
21 come standard is 150 percent of the current Federal Community Services
22 Administration poverty income guidelines for Alaska (45 C.F.R.,
23 sec. 1060.2).

24 * Sec. 12. AS 47.07.020(d) is repealed.

25 * Sec. 13. Sections 4 - 7 and 9 - 12 of this Act take effect January 1,
26 1981.

27 * Sec. 14. Sections 1 - 3, 8, 13, and 14 of this Act take effect July 1,
28 1980.

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