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1 IN THE HOUSE

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2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 41

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST 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 com-
12 missioner shall establish minimum benefit standards for the state
13 comprehensive health plan and shall provide for the underwriting and
14 administration of the state comprehensive health plan through competi-
15 tive bidding procedures.

16 (b) A resident of the state is entitled to enroll in the state
17 comprehensive health plan.

18 (c) The state comprehensive health plan shall provide for copay-
19 ments and deductibles, and shall provide an annual limit on the total
20 amount of copayments and deductibles for each enrolled resident for
21 each year. The annual limit shall be the same regardless of family
22 size.

23 (d) The commissioner shall contract for the administration and
24 underwriting of the state comprehensive health plan. The contract
25 shall be based on competitive bids. A contract entered into under this
26 subsection shall be for a three-year period.

27 Sec. 18.27.020. STATE HEALTH INSURANCE COST SHARING PROGRAM. (a)
28 A resident of the state is entitled to cost sharing under the state
29 health insurance cost sharing program if

1 (1) the resident is enrolled in the state comprehensive
2 health plan or an individual health insurance plan which is certified
3 by the director of insurance as meeting or exceeding the benefit stan-
4 dards of the state comprehensive health plan established by the commis-
5 sioner under AS 18.27.010(a);

6 (2) the resident is not enrolled in a group health insurance
7 plan or covered under a state or federal health program; and

8 (3) the resident qualifies for cost sharing under (b) of
9 this section.

10 (b) The commissioner shall pay the state share of the costs of
11 health insurance incurred by a resident of the state and his covered
12 dependents under the following formula:

13 (1) if the total adjusted gross income of the resident and
14 his dependents is at or below 75 percent of the median income, 100
15 percent of the premium cost of health insurance;

16 (2) if the total adjusted gross income of the resident and
17 his dependents is between 75 percent of the median income and 125
18 percent of the median income, a graduated percentage of the premium
19 cost of health insurance between 100 percent and zero percent;

20 (3) if the total adjusted gross income of the resident and
21 his dependents is at or below 150 percent of the poverty guideline, 100
22 percent of copayments and deductibles;

23 (4) if the total adjusted gross income of the resident and
24 his dependents is between 150 percent of the poverty guideline and 95
25 percent of the median income, a graduated percentage of the copayments
26 and deductibles from 100 percent and zero percent;

27 (5) if a resident is enrolled in an individual health insur-
28 ance plan certified by the director of insurance under (a) of this
29 section, the state share of the cost of health insurance for the resi-

1 dent is limited to the amount that the state's share would have been if
2 the resident had been enrolled in the state comprehensive health plan.

3 Sec. 18.27.030. DEFINITIONS. In this chapter

4 (1) "commissioner" means the commissioner of administration;

5 (2) "copayment" means the portion of covered expenses pay-
6 able by the resident after the deductible has been met;

7 (3) "insurance" means prepaid plans or indemnity plans;

8 (4) "poverty guideline" means the federal Community Services
9 Administration poverty income guidelines for Alaska (45 C.F.R. sec.
10 1060.2);

11 (5) "median income" means the federal Office of Human Devel-
12 opment Service family median income for Alaska.

13 * Sec. 2. The commissioner of administration shall report by the 10th
14 day of the Second Session of the Twelfth State Legislature on:

15 (1) proposed minimum benefit standards and estimated actuarial
16 costs of the state comprehensive health plan;

17 (2) the anticipated number of participants in the cost sharing
18 program and the projected cost to the state;

19 (3) a proposed plan for

20 (A) implementation of AS 18.27;

21 (B) eligibility determinations under AS 18.27;

22 (C) payment of the state share of premium costs and copay-
23 ment and deductibles incurred under AS 18.27; and

24 (D) informing the public of benefits under AS 18.27;

25 (4) recommendations for amendments relating to implementation of
26 AS 18.27.

27 * Sec. 3. Coverage under AS 18.27.010 and cost sharing under AS 18.27.-
28 020 shall begin on July 1, 1982.

29 * Sec. 4. AS 21.54.060 is amended by adding a new paragraph to read:

1 (7) under a policy issued to the state to insure residents
2 of the state under AS 18.27.

3 * Sec. 5. AS 39.30.090(1) is amended to read:

4 (1) A group insurance policy shall provide one or more of
5 the following benefits: life insurance, accidental death and dismem-
6 berment insurance, weekly indemnity insurance, hospital expense insur-
7 ance, surgical expense insurance, dental expense insurance, audio-visual
8 insurance, alcoholism and drug dependency insurance, or other medical
9 care insurance.

10 * Sec. 6. AS 39.30 is amended by adding a new section to read:

11 Sec. 39.30.092. COVERAGE FOR ALCOHOLISM AND DRUG DEPENDENCE. (a)
12 The group insurance policy under AS 39.30.090(1)

13 (1) shall provide coverage for alcoholism and drug depen-
14 dence to include

15 (A) inpatient detoxification benefits for not less than
16 14 days of benefit each calendar year in a state-approved treat-
17 ment facility or licensed hospital; payment of institutional and
18 professional benefits shall be equal to and payable as any other
19 covered condition, except a covered condition which, by the terms
20 of the policy, has an internal restriction;

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

27 (C) outpatient treatment coverage benefits of not less
28 than 30 visits each calendar year if treatment is provided by a
29 licensed physician, state-approved treatment program, or state-

1 certified professional substance abuse counselor; coverage shall
2 include individual, family or group therapy; benefits shall be
3 paid at not less than 75 percent of the usual, customary and
4 reasonable charge for a medical procedure, treatment or service in
5 the geographic area;

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

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

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

13 (b) The provisions of this section apply to group health insur-
14 ance contracts and group service or indemnity type contracts issued to
15 provide coverage for employees of the state and may apply to contracts
16 for the benefit of employees of other participating governmental units
17 only if the governing body of the governmental unit elects to have the
18 provisions apply.

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

20 (1) "alcoholism" means an illness or condition characterized
21 by the habitual lack of self control in the use of alcoholic beverages,
22 or use of alcoholic beverages to the extent that health is substantial-
23 ly impaired or endangered, or social or economic function is substan-
24 tially disrupted;

25 (2) "drug dependence" means the condition of being physi-
26 cally or psychologically addicted to an opiate, opiate derivative,
27 tranquilizer, amphetamine, barbiturate, or similar substance, but
28 excluding nicotine, caffeine and alcohol;

29 (3) "state" means any state in the United States and in-

1 cludes the District of Columbia.

2 * Sec. 7. AS 39.30.100 is amended to read:

3 Sec. 39.30.100. DEFINITIONS. In AS 39.30.090 - 39.30.100 [AS 39.-
4 30.090]

5 (1) "eligible employee" means

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

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

11 (2) "governmental unit" means the state, a borough, municipi-
12 pal corporation, or other political subdivision of the state, and the
13 North Pacific Fishery Management Council;

14 (3) "insurance", "insurance carrier" and "insurance policy"
15 include health care services, health care service contractors and con-
16 tracts.

17 * Sec. 8. The provisions of secs. 5 - 7 of this Act apply to group poli-
18 cies or contracts which provide coverage under AS 39.30.090 - 39.30.100 and
19 which are delivered, issued for delivery, or renewed in this state after the
20 effective date of this Act. A policy or contract providing coverage for
21 eligible employees in this state delivered, issued for delivery, or renewed
22 after the effective date of this Act provides the minimum coverage required
23 by this Act even if the language of the policy or contract does not speci-
24 fically so provide.

25 * Sec. 9. AS 47.05 is amended by adding new sections to read:

26 Sec. 47.05.070. MEDICAL ASSISTANCE BY INSURANCE OR SERVICE CON-
27 TRACTS. (a) The commissioner shall use medical assistance funds to
28 purchase and pay premiums on policies of insurance or pay the expenses
29 on health maintenance organization service contracts or medical or
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1 hospital service contracts that provide one or more of the medical
2 services available under state medical assistance programs.

3 (b) The policy of insurance or the contract financed under this
4 section must guarantee to

5 (1) provide the medical services authorized under AS 47.07.-
6 030;

7 (2) provide medical services under policies of insurance or
8 contracts under AS 21;

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

12 Sec. 47.05.080. CONTRACTS WITH DIRECT PROVIDERS OF CARE AND
13 SERVICE. (a) The commissioner may enter into a nonexclusive contract
14 under which funds available for medical assistance programs may be
15 administered and disbursed by the contractor. The contractor will pay
16 the providers for medical and remedial services and supplies furnished
17 by the providers under state medical assistance programs.

18 (b) A contract under this section shall

19 (1) oblige the contractor to make payments under the con-
20 tract promptly and not later than 30 days after receipt of proper
21 evidence of the claim; and

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

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

28 Sec. 47.05.100. INTERIM PAYMENT. The department may under regu-
29 lations adopted by it make an interim payment before receipt of billing

1 for services to providers who serve a large volume of state medical
2 assistance clients.

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

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

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

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

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

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

20 (2) "commissioner" means the commissioner of health and
21 social services;

22 (3) "department" means the Department of Health and Social
23 Services;

24 (4) "medical assistance" means Medicaid (AS 47.07), general
25 relief medical (AS 47.25.120), catastrophic illness (AS 47.08), and
26 crippled children's and maternal and child health programs (AS 18.05.-
27 010).

28 * Sec. 10. AS 47.07.020(b) is repealed and reenacted to read:

29 (b) Residents of the state for whom the Social Security Act

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allows optional medical coverage qualifying for federal financial participation are eligible for medical assistance.

* Sec. 11. AS 47.07.030 is repealed and reenacted to read:

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

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

* Sec. 13. Sections 1 and 4 of this Act take effect July 1, 1982.

* Sec. 14. Sections 5 - 8 and 10 - 12 of this Act take effect January 1, 1982.

* Sec. 15. Section 9 of this Act takes effect July 1, 1981.

* Sec. 16. Sections 2 and 3 of this Act take effect immediately in accordance with AS 01.10.070(c).