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1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 41 (HESS)

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.

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

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

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

26 Sec. 18.27.020. STATE HEALTH INSURANCE COST SHARING PROGRAM. (a)  
27 Except as provided in (b) of this section, a resident of the state is  
28 entitled to cost sharing under the state health insurance cost sharing  
29 program if

1 (1) the resident is enrolled in the state comprehensive  
2 health plan or an individual health insurance plan which the insurance  
3 company has certified to the commissioner as equivalent to or exceeding  
4 the benefit standards of the state comprehensive health plan estab-  
5 lished by the commissioner under AS 18.27.010(a);

6 (2) the resident qualifies for cost sharing under (c) of  
7 this section.

8 (b) A person entitled to cost sharing under (a) and (c) of this  
9 section who is enrolled in a group health insurance plan or eligible  
10 for benefits under a state or federal health care program is entitled  
11 to cost sharing for supplemental care under the state comprehensive  
12 health insurance plan or under an individual health insurance plan  
13 certified under (a)(1) of this section. The benefits provided under a  
14 health insurance plan providing supplemental care are the same as those  
15 provided under the state comprehensive health care program established  
16 under AS 18.27.010 except that the benefits are supplemental to benefits  
17 provided under a group health insurance plan or under a state or federal  
18 health care program.

19 (c) The commissioner shall pay the state share of the costs of  
20 health insurance incurred by a resident of the state and his covered  
21 dependents under the following formula:

22 (1) if the total adjusted gross income of the resident and  
23 his dependents is at or below 75 percent of the base income, 100 per-  
24 cent of the premium cost of health insurance;

25 (2) if the total adjusted gross income of the resident and  
26 his dependents is between 75 percent of the base income and 125 percent  
27 of the base income, a graduated percentage of the premium cost of  
28 health insurance between 100 percent and zero percent;

29 (3) if the total adjusted gross income of the resident and

1 his dependents is at or below 45 percent of the base income, 100 per-  
2 cent of copayments and deductibles;

3 (4) if the total adjusted gross income of the resident and  
4 his dependents is between 45 percent of the base income and 95 percent  
5 of the base income, a graduated percentage of the copayments and de-  
6 ductibles from 100 percent and zero percent;

7 (5) if a resident is enrolled in an individual health insur-  
8 ance plan certified to the commissioner under (a) of this section, the  
9 state share of the cost of health insurance for the resident is limited  
10 to the amount that the state's share would have been if the resident  
11 had been enrolled in the state comprehensive health plan.

12 (d) The commissioner shall adopt minimum benefit standards and  
13 guidelines for determining benefit equivalence for the certification of  
14 plans under (a)(1) of this section.

15 (e) Notwithstanding the provisions of an individual health insur-  
16 ance plan, a plan certified by an insurance company to the commissioner  
17 under (a)(1) of this section provides the minimum benefits and the  
18 equivalent benefits required for certification.

19 Sec. 18.27.030. DEFINITIONS. In this chapter

20 (1) "adjusted gross income" means the adjusted gross income  
21 of the resident determined under the regulations of the commissioner;

22 (2) "base income" means

23 (A) family median income for Alaska determined by the  
24 federal Office of Human Development Service; and

25 (B) regional adjustments established by the commis-  
26 sioner to the family median income for Alaska determined by the  
27 federal Office of Human Development Service which are based on  
28 relative costs of living in the state;

29 (3) "benefit equivalence" means that the benefits provided

1 in an individual health insurance plan and certified to the commissioner  
2 under AS 18.27.020(d) are equivalent to benefits provided under the  
3 state comprehensive health plan;

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

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

7 (6) "insurance" means prepaid plans or indemnity plans.

8 \* Sec. 2. The commissioner of administration shall report by the 30th  
9 day of the Second Session of the Twelfth State Legislature on:

10 (1) proposed minimum benefit standards and estimated actuarial  
11 costs of the state comprehensive health plan (AS 18.27);

12 (2) the anticipated number and characteristics of participants in  
13 the state health insurance cost sharing program (AS 18.27.020) and the  
14 projected cost to the state;

15 (3) a proposed plan for

16 (A) implementation of AS 18.27;

17 (B) eligibility determinations under AS 18.27;

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

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

21 (4) recommendations for amendments to AS 18.27.

22 \* Sec. 3. Coverage under the state comprehensive health plan (AS 18.27.-  
23 010) and the state health insurance cost sharing program under AS 18.27.020  
24 begins on July 1, 1982.

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

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

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

29 (1) A group insurance policy shall provide one or more of

1       tha following benefits: life insurance, accidental death and dismem-  
2       berment insurance, weekly indemnity insurance, hospital expense insur-  
3       ance, surgical expense insurance, dental expense insurance, audio-visual  
4       insurance, alcoholism and drug dependency insurance, or other medical  
5       care insurance.

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

7               Sec. 39.30.092. COVERAGE FOR ALCOHOLISM AND DRUG DEPENDENCE. (a)

8       The group insurance policy under AS 39.30.090(1)

9               (1) shall provide coverage for alcoholism and drug depen-  
10       dence to include

11               (A) inpatient detoxification benefits for not less than  
12       14 days of benefit each calendar year in a state-approved treat-  
13       ment facility or licensed hospital; payment of institutional and  
14       professional benefits shall be equal to and payable as any other  
15       covered condition, except a covered condition which, by the terms  
16       of the policy, has an internal restriction;

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

23               (C) outpatient treatment coverage benefits of not less  
24       than 30 visits each calendar year if treatment is provided by a  
25       licensed physician, state-approved treatment program, or state-  
26       certified professional substance abuse counselor; coverage shall  
27       include individual, family or group therapy; benefits shall be  
28       paid at not less than 75 percent of the usual, customary and  
29       reasonable charge for a medical procedure, treatment or service in

1 the geographic area;

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

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

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

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

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

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

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

25 (3) "state" means any state in the United States and in-  
26 cludes the District of Columbia.

27 \* Sec. 7. AS 39.30.100 is amended to read:

28 Sec. 39.30.100. DEFINITIONS. In AS 39.30.090 - 39.30.100 [AS 39.-  
29 30.090]

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(1) "eligible employee" means

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

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

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

(3) "insurance", "insurance carrier" and "insurance policy" include health care services, health care service contractors and contracts.

\* Sec. 8. The provisions of secs. 5 - 7 of this Act apply to group policies or contracts which provide coverage under AS 39.30.090 - 39.30.100 and which are delivered, issued for delivery, or renewed in this state after the effective date of this Act. A policy or contract providing coverage for eligible employees in this state under AS 39.30.090 - 39.30.100 delivered, issued for delivery, or renewed after the effective date of this Act provides the minimum coverage required by this Act even if the language of the policy or contract does not specifically so provide.

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

Sec. 47.05.070. MEDICAL ASSISTANCE BY INSURANCE OR SERVICE CONTRACTS. (a) The commissioner shall use medical assistance funds to purchase and pay premiums on policies of insurance or pay the expenses on health care service contracts that provide one or more of the services available under state medical assistance programs.

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

(1) provide services and supplies under policies of insur-

1        ance or contracts under AS 21;

2                    (2) provide the statistical data, records, and reports  
3 relating to the provision, administration, and costs of providing  
4 services and supplies as required by the commissioner.

5        Sec. 47.05.080. IMPLEMENTATION. The commissioner shall implement  
6 the provisions of AS 47.05.070 when he determines that comparable  
7 benefits are available at equal or less cost than direct payments by  
8 the department to the providers of services and supplies.

9        Sec. 47.05.090. INTERIM PAYMENT. If the commissioner determines  
10 under regulations adopted by him that a provider of medical services is  
11 expected to serve a large volume of medical assistance clients, he may  
12 make an interim payment before receipt of billing for services to the  
13 provider.

14        Sec. 47.05.100. INTEREST ON LATE PAYMENTS. When presented by a  
15 provider of medical services with a clean claim, the commissioner shall  
16 pay

17                    (1) interest at the rate of one percent per month when  
18 payment is delayed more than 45 days after presentation of the clean  
19 claim;

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

23                    (3) the interest for a full month if the overdue clean claim  
24 is not paid by the 15th day of a calendar month.

25        Sec. 47.05.110. DEFINITIONS. In AS 47.05.070 - 47.05.110

26                    (1) "clean claim" means a claim for payment which can be  
27 processed without obtaining additional information from the provider of  
28 the service or from a third party; it includes a claim with errors  
29 originating in the department's claims processing system, but does not

1 include claims from a provider who is under investigation for fraud or  
2 abuse, or a claim under review for medical necessity;

3 (2) "commissioner" means the commissioner of health and  
4 social services;

5 (3) "health care service contract" means a contract with a  
6 nonprofit corporation which accepts prepayment for health care services  
7 and is sponsored by or associated with a group of physicians or a group  
8 of hospitals or both or by a health maintenance organization recognized  
9 under federal law;

10 (4) "medical assistance" means Medicaid (AS 47.07), general  
11 relief medical (AS 47.25.120), catastrophic illness (AS 47.08), and  
12 crippled children's and maternal and child health programs (AS 18.05.-  
13 010).

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

15 (b) A resident of the state for whom the provisions of the Social  
16 Security Act in effect on March 1, 1981, allow optional medical cover-  
17 age qualifying for federal financial participation is eligible for  
18 medical assistance. A resident of the state qualifying as medically  
19 needy is not eligible for medical assistance.

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

21 Sec. 47.07.030. MEDICAL SERVICES TO BE PROVIDED. Medical ser-  
22 vices to be offered to eligible persons include those services eligible  
23 for federal financial participation under the provisions of Title XIX  
24 of the federal Social Security Act in effect on March 1, 1981.

25 \* Sec. 12. AS 47.07.080 is amended by adding new paragraphs to read:

26 (5) "medically needy" means a person who meets the categori-  
27 cal requirements of eligibility for medical assistance but whose income

28 (A) exceeds the income standard for categorical assist-  
29 ance; and

1 (B) is less than the medically needy income standard  
2 after the deduction of allowable medical expenses;

3 (6) "categorical requirements of eligibility" means the  
4 standards established under 42 C.F.R., secs. 435.500 - 435.541;

5 (7) "medically needy income standard" means the standards  
6 established under 42 C.F.R., secs. 435.800 - 435.816.

7 \* Sec. 13. AS 47.07.020(d) is repealed.

8 \* Sec. 14. Sections 1 and 4 of this Act take effect July 1, 1982.

9 \* Sec. 15. Sections 5 - 8 of this Act take effect January 1, 1982.

10 \* Sec. 16. Section 9 of this Act takes effect July 1, 1981.

11 \* Sec. 17. Sections 2, 3, and 10 - 13 of this Act take effect immedi-  
12 ately in accordance with AS 01.10.070(c).