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1 IN THE HOUSE

BY THE FINANCE COMMITTEE

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

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 (e) Notwithstanding the provisions of (c) of this section and the
27 limitations in AS 18.27.020(b), an individual eligible for a permanent
28 fund dividend under AS 43.23.010 may, to the extent of his eligibility
29 under AS 43.23.010,

1 (1) enroll in the state comprehensive health plan or in an
2 individual health insurance plan certified under AS 18.27.020(a)(1);

3 (2) direct the commissioner of revenue to use as much of the
4 permanent fund dividend to which the individual is entitled under
5 AS 43.23.010 as is necessary to pay a cost of the individual incurred
6 in participation in the state comprehensive health plan or in an indivi-
7 dual health insurance plan certified under AS 18.27.020(a)(1).

8 Sec. 18.27.020. STATE HEALTH INSURANCE COST SHARING PROGRAM. (a)

9 A resident of the state is entitled to cost sharing under the state
10 health insurance cost sharing program if

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

16 (2) the resident is not enrolled in a group health insurance
17 plan or in a federal health plan; and

18 (3) the resident qualifies for cost sharing under (b) of
19 this section.

20 (b) The commissioner shall pay the state share of the costs of
21 health insurance incurred by a resident of the state and his covered
22 dependents qualifying for cost sharing under the following formula:

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

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

1 (3) if the total adjusted gross income of the resident and
2 his dependents is at or below 45 percent of the base income, 100 per-
3 cent of copayments and deductibles;

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

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

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

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

20 Sec. 18.27.030. DEFINITIONS. In this chapter

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

23 (2) "base income" means

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

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

1 (3) "benefit equivalence" means that the benefits provided
2 in an individual health insurance plan and certified to the commis-
3 sioner under AS 18.27.020(d) are equivalent to benefits provided under
4 the state comprehensive health plan;

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

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

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

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

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

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

16 (3) a proposed plan for

17 (A) implementation of AS 18.27;

18 (B) eligibility determinations under AS 18.27;

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

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

22 (4) recommendations for amendments to AS 18.27.

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

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

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

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

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

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

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

9 The group insurance policy under AS 39.30.090(1)

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

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

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

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

1 reasonable charge for a medical procedure, treatment or service in
2 the geographic area;

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

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

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

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

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

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

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

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

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

29 Sec. 39.30.100. DEFINITIONS. In AS 39.30.090 - 39.30.100 [AS 39.-

1 30.090]

2 (1) "eligible employee" means

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

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

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

11 (3) "insurance", "insurance carrier" and "insurance policy"
12 include health care services, health care service contractors and con-
13 tracts.

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

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

23 Sec. 47.05.070. MEDICAL ASSISTANCE BY INSURANCE OR SERVICE CON-
24 TRACTS. (a) The commissioner shall use medical assistance funds to
25 purchase and pay premiums on policies of insurance or pay the expenses
26 on health care service contracts that provide one or more of the ser-
27 vices available under state medical assistance programs.

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

1 (1) provide services and supplies under policies of insur-
2 ance or contracts under AS 21;

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

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

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

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

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

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

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

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

27 (1) "clean claim" means a claim for payment which can be
28 processed without obtaining additional information from the provider of
29 the service or from a third party; it includes a claim with errors

1 originating in the department's claims processing system, but does not
2 include claims from a provider who is under investigation for fraud or
3 abuse, or a claim under review for medical necessity;

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

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

11 (4) "medical assistance" means Medicaid (AS 47.07), general
12 relief medical (AS 47.25.120), catastrophic illness (AS 47.08), and
13 crippled children's and maternal and child health programs (AS 18.05.-
14 010).

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

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

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

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

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

27 (5) "medically needy" means a person who meets the categori-
28 cal requirements of eligibility for medical assistance but whose income
29 (A) exceeds the income standard for categorical assist-

1 ance; and

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

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

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

8 * Sec. 13. (a) By the 30th day of the Second Session of the Twelfth
9 Legislature the Legislative Council shall study and make recommendations to
10 the legislature

11 (1) for federal improvements in the Indian Health Service delivery
12 system;

13 (2) on the alternatives available to the state to complement the
14 funding of the Indian Health Service;

15 (3) on the alternatives available to the state to complement
16 services available to the senior citizens of the state under Medicare.

17 (b) The Legislative Council shall seek participation in the study by

18 (1) the Health, Education, and Social Services Committees of the
19 legislature;

20 (2) the Alaska Native Health Board;

21 (3) regional health organizations;

22 (4) other providers and consumers of health care;

23 (5) the Department of Health and Social Services;

24 (6) the Alaska Area Native Health Service, United States Public
25 Health Service.

26 * Sec. 14. AS 47.07.020(d) is repealed.

27 * Sec. 15. Sections 1 and 4 of this Act take effect July 1, 1982.

28 * Sec. 16. Sections 5 - 8 of this Act take effect January 1, 1982.

29 * Sec. 17. Section 9 of this Act takes effect July 1, 1981.

1 * Sec. 18. Sections 2, 3, and 10 - 14 of this Act take effect immediately
2 in accordance with AS 01.10.070(c).

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