

Original sponsors: Binkley, Halford,
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1 IN THE SENATE

BY THE FINANCE COMMITTEE

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CS FOR SENATE BILL NO. 363 (Finance)

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL,

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For an Act entitled: "An Act relating to insurance coverage for treatment
of alcoholism or drug abuse; and providing for an
effective date."

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

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* Section 1. AS 21.36.090(d) is amended to read:

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(d) Except to the extent necessary to comply with AS 21.42.365,

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a [A] person may not practice or permit unfair discrimination against
a person who provides a service covered under a group disability
policy that extends coverage on an expense incurred basis, or under a
group service or indemnity type contract issued by a nonprofit corpo-
ration, if the service is within the scope of the provider's occupa-
tional license. In this subsection, "provider" means a state licensed
physician, dentist, osteopath, optometrist, chiropractor, nurse mid-
wife, naturopath, physical therapist, or occupational therapist.

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* Sec. 2. AS 21.42 is amended by adding a new section to read:

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Sec. 21.42.365. COVERAGE FOR TREATMENT OF ALCOHOLISM OR DRUG

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ABUSE. (a) An insurer authorized under AS 21.09 to offer, issue for
delivery, deliver, or renew a group disability insurance policy for
major medical coverage on an expense-incurred basis in the state, or a
hospital or medical service corporation authorized under AS 21.87 to
offer or renew a group subscriber's contract for medical coverage in
the state, shall provide the covered person the following coverage for
treatment of alcoholism or drug abuse:

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(1) benefits of at least \$7,000 over two consecutive

1 benefit years; and

2 (2) lifetime benefits of at least \$14,000.

3 (b) The benefits specified in (a)(1) and (2) of this section
4 shall be adjusted every three years, by the director, to correspond
5 with the change in the medical care component of the consumer price
6 index for all urban consumers for the Anchorage Metropolitan Area
7 compiled by the Bureau of Labor Statistics, United States Department
8 of Labor. The base year for the computation shall be the first full
9 calendar year for which insurance is obtained under this section.

10 (c) The insurer or hospital or medical service corporation
11 providing coverage under this section may not

12 (1) require that the covered person be responsible for a
13 deductible or co-payment that is different for the determination of
14 benefits relating to treating alcoholism or drug abuse than for the
15 determination of benefits for treating another covered illness;

16 (2) use a different claim payment methodology in determin-
17 ing the benefits relating to treating alcoholism or drug abuse than
18 that used in determining the benefits for treating another covered
19 illness;

20 (3) require pr notification of treatment or a second opin-
21 ion unless the requirement is applicable to other covered major ill-
22 nesses;

23 (4) limit coverage by provisions of the insurance contract
24 that are not applicable to other covered major illnesses, including
25 but not limited to provisions concerning preexisting illnesses or
26 provisions requiring that the exact date of onset be known;

27 (5) limit treatment services under the insurance contract
28 to either an inpatient or outpatient service;

29 (6) exclude from coverage the cost of medically necessary

1 treatment, including medical or psychiatric evaluation, activity or
2 family therapy, counseling, or prescription drugs or supplies received
3 at an approved treatment facility; or

4 (7) deny reimbursement for actual services rendered solely
5 because treatment was interrupted or not completed.

6 (d) Notwithstanding (a) of this section, if the insured or
7 subscriber is an employer who employs fewer than 20 permanent, full-
8 time employees for each working day during each of at least 20 calen-
9 dar workweeks in either the current calendar year or the preceding
10 calendar year, the insurer, hospital, or medical service corporation
11 is not required to provide the coverage specified in (a) of this
12 section to the insured or subscriber but shall offer that coverage to
13 the insured or subscriber as optional coverage.

14 (e) In this section

15 (1) "alcoholism or drug abuse" means an illness charac-
16 terized by

17 (A) a physiological or psychological dependency, or
18 both, on alcoholic beverages or controlled substances as defined
19 in AS 11.71.900; or

20 (B) habitual lack of self control in using alcoholic
21 beverages or controlled substances to the extent that the per-
22 son's health is substantially impaired or the person's social or
23 economic function is substantially disrupted;

24 (2) "approved treatment facility" means treatment in a
25 facility that is either approved under AS 47.37.140 or located and
26 licensed for treatment of alcoholism or drug abuse in another state;

27 (3) "catastrophic illness insurance" means a major medical
28 insurance contract or subscriber contract that provides benefits for
29 hospital and medical care with potential lifetime maximum benefits per

1 insured of at least \$250,000 and that has a deductible of at least
2 \$5,000;

3 (4) "co-payment" means the portion of the eligible expenses
4 in excess of the deductible to be paid by the covered person;

5 (5) "cost" means the least of the following:

6 (A) the actual charge for the treatment received for
7 alcoholism or drug abuse;

8 (B) the usual, customary, and reasonable charge for
9 the treatment; or

10 (C) the charge agreed to by contract between the
11 treatment provider and the insurer, hospital, or medical service
12 corporation;

13 (6) "covered person" means the insured or subscriber or the
14 insured or subscriber's covered spouse or dependent child;

15 (7) "deductible" means the portion of eligible expenses for
16 which the covered person is responsible;

17 (8) "group disability insurance" means a major medical
18 insurance contract or subscriber contract that provides major medical
19 coverage for five or more employees of the employer, but does not
20 include catastrophic illness insurance;

21 (9) "major medical" means a disability insurance contract,
22 or subscriber contract that provides benefits for hospital and medical
23 care with potential lifetime maximum benefits per insured of at least
24 \$10,000;

25 (10) "treatment" means medical care, including detoxifica-
26 tion, as an inpatient or outpatient at an approved treatment facility.

27 * Sec. 3. AS 21.87.340 is amended to read:

28 Sec. 21.87.340. OTHER PROVISIONS APPLICABLE. In addition to the
29 provisions contained or referred to previously in this chapter, the

1 following chapters and provisions of this title also apply with re-
2 spect to servica corporations to the extent applicable and not in
3 conflict with the express provisions of this chapter and the reason-
4 able implications of the express provisions, and for the purposes of
5 the application the corporations shall be considered to be mutual
6 "insurers":

- 7 (1) AS 21.03
- 8 (2) AS 21.06
- 9 (3) AS 21.09, except AS 21.09.090
- 10 (4) AS 21.18.010
- 11 (5) AS 21.18.030
- 12 (6) AS 21.18.040
- 13 (7) AS 21.18.120
- 14 (8) AS 21.21.321
- 15 (9) AS 21.36
- 16 (10) AS 21.69.400
- 17 (11) AS 21.69.520
- 18 (12) AS 21.69.600, 21.69.620, and 21.69.630
- 19 (13) AS 21.78
- 20 (14) AS 21.90
- 21 (15) AS 21.42.345 - 21.42.365 [AS 21.42.345 AND 21.42.355]
- 22 (16) AS 21.89.040
- 23 (17) AS 21.89.060.

24 * Sec. 4. AS 21.42.365, enacted by sec. 2 of this Act, applies to group
25 disability insurance policies and hospital or medical service group sub-
26 scriber contracts entered into or renewed on or after January 1, 1989.

27 * Sec. 5. This Act takes effect January 1, 1989.