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6-1231E

BY SEN. COGHILL

1 IN THE SENATE

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 304

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to disability insurance; and provid-  
7 ing for an effective date."

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

9 \* Section 1. LEGISLATIVE INTENT. It is the intent of the legislature  
10 to provide access to disability insurance coverage to all residents of the  
11 state who are denied adequate disability insurance coverage for any reason  
12 or who are otherwise considered uninsurable. It is the further intent of  
13 the legislature that AS 21.55 provide a mechanism to ensure the availabil-  
14 ity of comprehensive disability insurance to persons unable to obtain  
15 disability insurance coverage on either an individual or a group basis  
16 under any health plan.

17 \* Sec. 2. AS 21 is amended by adding a new chapter to read:

18 CHAPTER 55. STATE DISABILITY INSURANCE.

19 ARTICLE 1. COMPREHENSIVE DISABILITY INSURANCE ASSOCIATION.

20 Sec. 21.55.010. CREATION; MEMBERSHIP. There is established a  
21 nonprofit incorporated legal entity to be known as the Comprehensive  
22 Disability Insurance Association. Membership consists of all licensed  
23 hospital or medical service corporations in the state that offer  
24 subscriber contracts for major medical coverage and all insurers  
25 licensed to transact disability insurance in the state that offer  
26 policies for major medical coverage on an expense incurred basis. All  
27 members shall maintain membership in the association as a condition of  
28 doing disability insurance business, or being able to offer subscriber  
29 contracts for major medical coverage, in the state.

1           Sec. 21.55.020. BOARD OF DIRECTORS; ORGANIZATION. The board of  
2 directors of the association consists of seven individuals selected by  
3 participating members, subject to approval by the director of the  
4 division of insurance. The director or the director's designee shall  
5 serve as a nonvoting ex officio member of the board. In determining  
6 voting rights at members' meetings, a member is entitled to vote in  
7 person or proxy. The vote must be a weighted vote based upon the  
8 member's premiums for disability insurance for major medical coverage  
9 on an expense incurred basis, or the member's subscriber fees, derived  
10 from or on behalf of state residents in the previous calendar year, as  
11 determined by the director. In approving members of the board, the  
12 director shall consider, among other things, whether all types of  
13 participating members are fairly represented. Members of the board  
14 other than the director or the director's designee may be reimbursed  
15 from the association for expenses incurred by them as board members,  
16 but may not otherwise be compensated by the association for their  
17 services. The costs of conducting meetings of the association and its  
18 board of directors shall be borne by members of the association.

19           Sec. 21.55.030. GENERAL POWERS. The association may

20           (1) exercise the powers granted to insurers under the laws  
21 of the state;

22           (2) sue or be sued;

23           (3) enter into contracts with insurers, similar associa-  
24 tions in other states, or with other persons for the performance of  
25 administrative functions;

26           (4) establish administrative and accounting procedures for  
27 the operation of the association.

28           Sec. 21.55.040. PLAN OF OPERATION. (a) The association shall  
29 submit to the director a plan of operation and any amendments

1 necessary or suitable to assure the fair, reasonable, and equitable  
2 administration of the association. The plan of operation and amend-  
3 ments become effective upon approval in writing by the director. If  
4 the plan submitted by the association has been twice disapproved by  
5 the director, or the association fails to submit a suitable plan of  
6 operation by a date that is 180 days after the effective date of this  
7 Act, or if at any subsequent time the association fails to submit  
8 suitable amendments to the plan, the director may, after notice and  
9 hearing, adopt reasonable regulations necessary or advisable to  
10 effectuate the provisions of this chapter. The regulations continue  
11 in force until modified by the director or superseded by a plan sub-  
12 mitted by the association and approved by the director.

13 (b) All members of the association shall comply with the plan of  
14 operation.

15 (c) The plan of operation must

16 (1) establish procedures whereby all the powers and duties  
17 of the association under this chapter will be performed;

18 (2) establish procedures for handling assets of the asso-  
19 ciation;

20 (3) establish the amount and method of reimbursing members  
21 of the board of directors under AS 21.55.020;

22 (4) establish regular places and times for meetings of the  
23 board of directors;

24 (5) establish procedures for records to be kept of all  
25 financial transactions of the association, its agents, and the board  
26 of directors;

27 (6) provide that any member insurer aggrieved by a final  
28 action or decision of the association may appeal to the director  
29 within 30 days after the action or decision;

1 (7) establish procedures whereby selections for the board  
2 of directors will be submitted to the director;

3 (8) contain additional provisions necessary or proper for  
4 the execution of the powers and duties of the association.

5 Sec. 21.55.050. ADMINISTRATIVE PROCEDURE ACT. The association  
6 is exempt from the Administrative Procedure Act (AS 44.62).

7 Sec. 21.55.060. TAX EXEMPTION. (a) The association is exempt  
8 from the payment of fees and taxes levied by the state or any of its  
9 political subdivisions except taxes levied on real or personal proper-  
10 ty.

11 (b) A member of the association is entitled to receive a credit  
12 against taxes levied by the state on disability insurance premiums as  
13 provided in AS 21.09.210(j).

14 ARTICLE 2. STATE DISABILITY INSURANCE PLANS.

15 Sec. 21.55.100. TYPES OF INSURANCE PLANS. (a) The association  
16 shall make available to residents eligible under AS 21.55.300 an  
17 individual state plan of disability insurance. The association shall  
18 offer two alternatives related to deductibles as described in AS 21.-  
19 55.120.

20 (b) The association may not deny coverage under a state plan to  
21 a resident who satisfies the requirements of AS 21.55.300 - 21.55.310.

22 Sec. 21.55.110. MINIMUM BENEFITS OF STATE DISABILITY INSURANCE  
23 PLAN. Except as provided in AS 21.55.120 - 21.55.140, the minimum  
24 standard benefits of a disability insurance plan offered under AS 21.-  
25 55.100(a) must be benefits with a lifetime maximum of \$500,000 per  
26 individual for usual, customary, reasonable, or prevailing charges  
27 for the following medical services performed for an individual covered  
28 by the plan for the diagnosis or treatment of nonoccupational disease  
29 or nonoccupational injury:

- 1 (1) hospital services;
- 2 (2) subject to the limitations of AS 21.36.090(d), profes-  
3 sional services that are rendered by a physician or by a registered  
4 nurse at the physician's direction, other than services for mental or  
5 dental conditions;
- 6 (3) the diagnosis or treatment of mental conditions, as  
7 defined in regulations of the director, rendered during the year on  
8 other than an inpatient basis, up to a yearly maximum benefit of  
9 \$4,000;
- 10 (4) legend drugs requiring a physician's prescription;
- 11 (5) services of a skilled nursing facility for not more  
12 than 120 days in a policy year;
- 13 (6) home health agency services up to a maximum of 270  
14 visits in a calendar year if the services commence within seven days  
15 following confinement in a hospital or skilled nursing facility of at  
16 least three consecutive days for the same condition, except that in  
17 the case of an individual diagnosed by a physician as terminally ill  
18 with a prognosis of six months or less to live, the home health agency  
19 services may commence irrespective of whether the covered person was  
20 previously confined or, if the covered person was confined, irrespec-  
21 tive of the seven-day period, and the yearly benefit for medical  
22 social services may not exceed \$200;
- 23 (7) hospice services for up to six months in a calendar  
24 year;
- 25 (8) use of radium or other radioactive materials;
- 26 (9) outpatient chemotherapy;
- 27 (10) oxygen;
- 28 (11) anesthetics;
- 29 (12) nondental prosthesis and maxillo-facial prosthesis used

1 to replace any anatomic structure lost during treatment for head and  
2 neck tumors or additional appliances essential for the support of the  
3 prosthesis;

4 (13) rental, or purchase if purchase is more cost effective  
5 than rental, of durable medical equipment that has no personal use in  
6 the absence of the condition for which it was prescribed;

7 (14) diagnostic x-rays and laboratory tests;

8 (15) oral surgery for excision of partially or completely  
9 unerupted impacted teeth or excision of a tooth root without the  
10 extraction of the entire tooth;

11 (16) services of a licensed physical therapist rendered  
12 under the direction of a physician;

13 (17) transportation by a local ambulance operated by licen-  
14 sed or certified personnel to the nearest health care institution for  
15 treatment of a life-threatening illness or injury and round trip  
16 transportation by air to the nearest health care institution for  
17 treatment of a life-threatening illness or injury if the treatment is  
18 not available locally; if the patient is a child under 12 years of  
19 age, the transportation charges of a parent or legal guardian  
20 accompanying the child may be paid if the attending physician  
21 certifies the need for the accompaniment;

22 (18) confinement in a licensed or certified facility estab-  
23 lished primarily for the treatment of alcohol or drug abuse or in a  
24 part of a hospital used primarily for this treatment, for a period of  
25 at least 45 days within any calendar year, up to a yearly maximum  
26 benefit of \$7,000 and with a lifetime maximum benefit of \$14,000;

27 (19) alternatives to inpatient services as defined by the  
28 association in the state plan benefits;

29 (20) second surgical opinions;

1 (21) other services that are medically necessary in the  
2 treatment or diagnosis of an illness or injury as may be designated or  
3 approved by the director.

4 Sec. 21.55.120. DEDUCTIBLES AND COPAYMENTS. (a) A state plan  
5 may require deductibles of \$1,000 a person or \$5,000 a person. The  
6 amount of the deductible may not be greater when a service is rendered  
7 on an outpatient basis than when that service is offered on an inpa-  
8 tient basis. Expenses incurred during the last three months of a  
9 calendar year and actually applied to an individual's deductible for  
10 that year shall also be applied to that individual's deductible in the  
11 following calendar year. The \$1,000 maximum and the \$5,000 maximum  
12 may be adjusted yearly to correspond with the change in the medical  
13 care component of the consumer price index, as adjusted by the direc-  
14 tor. The base year for the computation is the first full calendar  
15 year of operation of the association.

16 (b) A state plan must require a maximum copayment of \$2,000 plus  
17 the deductible for charges for all types of medical care.

18 (c) In this section, "consumer price index" means the consumer  
19 price index for all urban consumers for the Anchorage Metropolitan  
20 Area compiled by the Bureau of Labor Statistics, United States Depart-  
21 ment of Labor.

22 Sec. 21.55.130. PREEXISTING CONDITIONS. (a) A state plan may  
23 not exclude coverage for a loss due to a preexisting condition for a  
24 period greater than 12 months following the effective date of cover-  
25 age.

26 (b) A state plan issued to a person whose previous subscriber  
27 contract or insurance policy was involuntarily terminated must credit  
28 the time covered under the previous contract or policy toward an  
29 exclusion for preexisting conditions under the state plan if the

1 previous contract or policy had a similar preexisting condition  
2 exclusion and the person applies for a state plan within 31 days after  
3 termination of the previous contract or policy. If a person covered  
4 by this subsection is accepted by the writing carrier and pays a  
5 specified premium for retroactive coverage, the state plan is effec-  
6 tive retroactively to the date that the person's previous contract or  
7 policy terminated.

8 Sec. 21.55.140. CARE AND SERVICES NOT COVERED. A state plan may  
9 not provide benefits for charges for the following:

10 (1) care for an injury or disease either

11 (A) arising out of and in the course of an employment  
12 subject to a workers' compensation or similar law or where the  
13 benefit is required to be provided under a workers' compensation  
14 policy to a sole proprietor, business partner, or corporation  
15 officer; or

16 (B) to the extent benefits are payable without regard  
17 to fault under a coverage statutorily required to be contained in  
18 a motor vehicle or other liability insurance policy or equivalent  
19 self-insurance;

20 (2) treatment for cosmetic purposes other than surgery for  
21 the prompt repair of an accidental injury sustained while covered or  
22 for replacement of an anatomic structure removed during treatment of  
23 tumors;

24 (3) travel, other than transportation covered under AS 21.-  
25 55.110(17);

26 (4) private room accommodations to the extent the charge is  
27 in excess of the institution's most common charge for a semiprivate  
28 room;

29 (5) services or articles to the extent that the charge

1 exceeds the reasonable charge in the locality for the service;

2 (6) services or articles that are determined not to be  
3 medically necessary, except for the fabrication or placement of the  
4 prosthesis as specified in AS 21.55.110(12) and (2) of this section;

5 (7) services or articles that are not within the scope of  
6 the license or certificate of the institution or individual rendering  
7 the services or articles;

8 (8) services or articles furnished, paid for or reimbursed  
9 directly by or under any law of a government, except as otherwise  
10 provided in this chapter;

11 (9) services or articles for custodial care or designed  
12 primarily to assist an individual in the activities of daily living;

13 (10) service charges that would not have been made if no  
14 insurance existed or that the covered individual is not legally ob-  
15 ligated to pay;

16 (11) eyeglasses, contact lenses, or hearing aids or the  
17 fitting of them;

18 (12) dental care not specifically covered by this chapter;

19 (13) services of a registered nurse who ordinarily resides  
20 in the covered individual's home, or who is a member of the covered  
21 individual's family or the family of the covered individual's spouse;

22 (14) experimental procedures; and

23 (15) services and supplies for which the patient was not  
24 charged.

25 Sec. 21.55.150. STATE PLAN PREMIUMS. (a) The association may  
26 not charge a rate for coverage issued by or through the association  
27 that is excessive, inadequate, or unfairly discriminatory.

28 (b) The association shall use separate scales of premium rates  
29 based on age and geographic location of the insured.

1 (c) The five members of the association that insure, or have  
2 subscriber contracts with, the largest number of individuals in the  
3 state under plans with benefits substantially equivalent to the state  
4 plan benefits shall submit to the association an estimate of the rate  
5 that would be actuarially sound for a person who is a standard risk  
6 for coverage substantially equivalent to the state plan. The premium  
7 for a state plan may not exceed 150 percent of the average of those  
8 five estimates.

9 ARTICLE 3. ADMINISTRATION OF PLANS.

10 Sec. 21.55.200. SELECTION OF WRITING CARRIERS. The association  
11 shall develop bid specifications for members that wish to be selected  
12 as a writing carrier to administer a state plan. The selection of the  
13 writing carrier shall be based upon criteria including the member's  
14 proven ability to handle a large number of disability insurance cases  
15 or subscriber contracts, efficient claim paying capacity, and the  
16 estimate of total charges for administering the plan.

17 Sec. 21.55.210. DUTIES OF WRITING CARRIERS. (a) The writing  
18 carrier shall perform the administrative and claims payment functions  
19 required by this section. The writing carrier shall provide these  
20 services for a period of three years, unless a request to terminate is  
21 approved by the director. The director shall approve or deny a re-  
22 quest to terminate within 90 days of its receipt. A failure to make a  
23 final decision on a request to terminate within the specified period  
24 is considered an approval. Six months before the expiration of each  
25 three-year period, the association shall invite submissions of policy  
26 forms from members of the association, including the writing carrier.  
27 The association shall follow the provisions of AS 21.55.200 in select-  
28 ing a writing carrier for the subsequent three-year period.

29 (b) The writing carrier shall provide to all eligible persons

1 enrolled in a state plan an individual policy or certificate, setting  
2 out a statement of the insurance protection to which the person is  
3 entitled, with whom claims are to be filed, and to whom benefits are  
4 payable. The policy or certificate must indicate that coverage was  
5 obtained through the association.

6 (c) The writing carrier shall submit to the association and the  
7 director on a quarterly basis a report on the operation of the state  
8 plans. Specific information to be contained in the report shall be  
9 determined by the association.

10 (d) Claims shall be paid by the writing carrier. A claim pay-  
11 ment must indicate that the claim was paid under a state plan and  
12 include a telephone number that can be used for inquiries regarding  
13 the claim.

14 (e) The writing carrier shall be reimbursed from the state plan  
15 premiums received for its direct and indirect expenses for administer-  
16 ing the plan. Direct and indirect expenses must include a pro rata  
17 reimbursement for that portion of the writing carrier's administra-  
18 tive, printing, claims administration, and management and building  
19 overhead expenses that are assignable to the maintenance and adminis-  
20 tration of the state plans. The association shall approve cost ac-  
21 counting methods to substantiate the writing carrier's cost reports  
22 consistent with generally accepted accounting principles. Direct and  
23 indirect expenses may not include costs directly related to the origi-  
24 nal submission of policy forms before selection as the writing carri-  
25 er.

26 (f) The writing carrier shall at all times when carrying out its  
27 duties under this chapter be considered an agent of the association.

28 Sec. 21.55.220. OPERATION OF THE PLAN. (a) Upon notification  
29 of eligibility under AS 21.55.320, a person may enroll in a state plan

1 by payment of the appropriate state plan premium to the writing  
2 carrier.

3 (b) An employer that has in its employ one or more eligible  
4 persons enrolled in a state plan may make all or a portion of a state  
5 plan premium payment directly to the writing carrier.

6 (c) Each member of the association shall share the losses due to  
7 claims expenses of the state plans issued or approved for issuance by  
8 the association, and shall share in the operating and administrative  
9 expenses incurred or estimated to be incurred by the association  
10 incident to the conduct of its affairs. Claims expenses of the state  
11 plan that exceed the premium payments allocated to the payment of  
12 benefits shall be the liability of the members. Each member shall  
13 share in the claims expense of the state plans and operating and  
14 administrative expenses of the association in an amount equal to the  
15 ratio of the member's total fees for subscriber contracts or total  
16 disability insurance premiums, received from or on behalf of state  
17 residents, as divided by the total subscriber fees and disability  
18 insurance premiums received by all members from or on behalf of state  
19 residents, as determined by the director.

20 (d) The association shall make an annual determination of each  
21 member's liability, if any, and may make an annual fiscal year end  
22 assessment if necessary. The association may also, subject to the  
23 approval of the director, provide for interim assessments against the  
24 members as may be necessary to assure the financial capability of the  
25 association in meeting the incurred or estimated claims expenses of  
26 the state plans and operating and administrative expenses of the  
27 association until the association's next annual fiscal year end as-  
28 sessment. Payment of an assessment is due within 30 days of receipt  
29 by a member of written notice of a fiscal year end or interim assess-

1 ment. Failure by a member to tender to the association the assessment  
2 within 30 days shall be grounds for revocation of a member's certifi-  
3 cate of authority. A member that ceases to do disability insurance  
4 business in the state, or ceases to offer subscriber contracts in the  
5 state, due to revocation, suspension, or voluntary surrender of its  
6 certificate of authority remains liable for assessments through the  
7 calendar year that the disability insurance or subscriber contract  
8 business ceased. The association may decline to levy an assessment  
9 against a member if the assessment would not exceed \$10. Assessments  
10 paid by a member are a general expense of the member.

11 (e) Net gains, if any, from the operation of the state plans  
12 shall be held at interest and used by the association to offset future  
13 losses due to claims expenses of a state plan or allocated to reduce  
14 state plan premiums.

15 ARTICLE 4. ENROLLMENT IN THE STATE DISABILITY INSURANCE PLAN.

16 Sec. 21.55.300. ELIGIBILITY FOR STATE DISABILITY INSURANCE. (a)  
17 Except as provided in (b) of this section, a person who is a resident  
18 is eligible for coverage upon providing evidence of

19 (1) rejection for medical reasons, a requirement of re-  
20 strictive riders, an up-rated premium, or a preexisting conditions  
21 limitation on disability insurance, the effect of which is to substan-  
22 tially reduce coverage from that received by a person considered a  
23 standard risk, by at least one member within six months of the date of  
24 application; or

25 (2) involuntary termination of disability insurance cover-  
26 age for any reason other than nonpayment of premium.

27 (b) The following persons are not eligible for coverage:

28 (1) a person who is at the time of application eligible for  
29 medical assistance;

1 (2) a person who terminated coverage under this chapter  
2 unless

3 (A) 12 months have elapsed since termination; or

4 (B) that person can show other continuous coverage  
5 that has been involuntarily terminated for any reason other than  
6 nonpayment of premiums;

7 (3) a person on whose behalf the state has paid out  
8 \$500,000 in benefits; and

9 (4) inmates of public institutions and persons whose bene-  
10 fits are duplicated under public programs.

11 (c) Additional eligibility requirements may not be imposed by  
12 the director, the association, or a writing carrier.

13 Sec. 21.55.310. ENROLLMENT BY AN ELIGIBLE PERSON. A person may  
14 enroll in a state plan by applying to the writing carrier. The appli-  
15 cation must include the following:

16 (1) name, address, age, and length of residency of the  
17 applicant; and

18 (2) a designation of the plan desired, including deductible  
19 option chosen.

20 Sec. 21.55.320. WRITING CARRIER'S RESPONSE. Within 30 days  
21 after receiving the application described in AS 21.55.310, the writing  
22 carrier shall either reject the application for failing to comply with  
23 the requirements of AS 21.55.300 and 21.55.310 or forward the eligible  
24 person a notice of acceptance and billing information.

25 Sec. 21.55.330. EFFECTIVE DATE OF POLICIES. (a) Except as  
26 provided in (b) of this section and AS 21.55.130(b), insurance under a  
27 state plan is effective immediately upon receipt of the first quar-  
28 terly premium, and is retroactive to the date of the application, if  
29 the applicant otherwise complies with the requirements of this chap-

1 ter.

2 (b) Insurance under a state plan is effective retroactively to  
3 the date that the person's previous contract or policy was terminated  
4 if the person

5 (1) applies for a state plan within 60 days after the  
6 previous contract or policy terminated;

7 (2) is accepted by the writing carrier; and

8 (3) pays a specified premium for the period of retroactive  
9 coverage.

10 Sec. 21.55.340. SOLICITATION OF ELIGIBLE PERSONS. (a) The  
11 association, under a plan approved by the director, shall disseminate  
12 appropriate information to residents regarding the existence of the  
13 state plans and the means of enrollment. Means of communication may  
14 include use of the press, radio, and television, as well as publica-  
15 tion in appropriate state offices and publications.

16 (b) The association shall devise and implement means of main-  
17 taining public awareness of the provisions of this chapter regarding  
18 the state plans and shall administer this chapter in a manner that  
19 facilitates public participation in the state plans. The association  
20 shall prepare a brochure outlining the benefits and exclusions of the  
21 state plan in plain language.

22 (c) Selling or marketing of qualified state plans is limited to  
23 licensed disability insurance agents.

24 (d) An insurer or hospital or medical service corporation that  
25 rejects or applies underwriting restrictions to an applicant for a  
26 subscriber contract, a disability insurance policy, or a medicare  
27 supplement plan in the state shall notify the applicant of the exis-  
28 tence of the state plans, the requirements for being accepted, and the  
29 procedure for applying.

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ARTICLE 5. GENERAL PROVISIONS.

Sec. 21.55.400. DUTIES OF DIRECTOR. The director may

(1) approve the selection of the writing carrier by the association and approve the association's contract with the writing carrier including the coverages and premiums to be charged;

(2) contract with the federal government or another unit of government to ensure coordination of the state plans with other governmental assistance programs;

(3) undertake directly or through contracts with other persons studies or demonstration programs to develop awareness of the benefits of this chapter; and

(4) adopt regulations necessary to administer this chapter.

Sec. 21.55.410. STATE NOT LIABLE. The state is not liable for acts or omissions of the association or a writing carrier under this chapter, or for payment of a claim under a state plan issued by a writing carrier.

Sec. 21.55.500. DEFINITIONS. In this chapter

(1) "association" means the Comprehensive Disability Insurance Association created in AS 21.55.010;

(2) "copayment" means the portion of the eligible expenses, in excess of the deductible, for which the insured is responsible;

(3) "deductible" means the portion of eligible expenses for which the insured is responsible in each calendar year under AS 21.55.120(a);

(4) "disability insurance" means a group or individual disability insurance policy, health care service contract, or health maintenance agreement;

(5) "home health agency services" means any of the following services provided upon recommendation of a licensed physician as

1 part of a treatment plan:

2 (A) intermittent or part-time nursing services of a  
3 registered professional nurse or a licensed practical nurse, that  
4 are provided to a person under the continued direction of the  
5 person's physician and within the limitation of the nurse's  
6 license;

7 (B) nursing services that are provided to a person at  
8 the person's residence, including a residential care facility or  
9 adult boarding home; a hospital, skilled nursing facility or  
10 intermediate care facility is not considered a residence;

11 (C) home health aide services that are prescribed by  
12 and under the continued direction of a physician and supervised  
13 by a professional nurse;

14 (D) home health aide services that are provided to a  
15 person at the person's residence, as described in (B) of this  
16 paragraph;

17 (E) physical and occupational therapy services, speech  
18 pathology, and audiology services that are prescribed by a physi-  
19 cian and provided to a person by or under the supervision of a  
20 qualified practitioner; these services may be provided to a  
21 person who is a patient in an intermediate care facility or  
22 skilled nursing facility;

23 (6) "hospice services" means services provided under a  
24 coordinated comprehensive program of palliative and supportive care on  
25 a 24-hour, seven days per week basis for persons who have been diag-  
26 nosed as terminally ill and their families by an interdisciplinary  
27 team of professionals or volunteers under an incorporated central  
28 administration that has a physician as medical director;

29 (7) "major medical coverage" means a disability insurance

1 contract or subscriber contract that provides benefits for hospital  
2 and medical care with potential lifetime maximum benefits per insured  
3 of \$500,000;

4 (8) "medical social services" means services rendered the  
5 patient under the direction of a physician by a qualified social  
6 worker holding a master's degree from an accredited school of social  
7 work, including assessment of the social, psychological and family  
8 problems related to or arising out of the covered person's illness and  
9 treatment, appropriate action and utilization of community resources  
10 to assist in resolving the problems, and participation in the develop-  
11 ment of treatment for the covered person;

12 (9) "resident" means a person who is physically present in  
13 the state, has lived in the state for at least the six consecutive  
14 months immediately preceding application for a state plan, and intends  
15 to remain permanently in the state; "resident" also includes a person  
16 who is not physically present in the state if the person lived in the  
17 state for at least six of the nine months immediately preceding appli-  
18 cation for a state plan and the person's absence from the state is for  
19 medical treatment or education; a person ceases to be a resident if  
20 the person is absent from the state for more than 90 consecutive days  
21 for reasons other than for medical treatment or education;

22 (10) "state plan" means a policy of insurance offered by the  
23 association through a writing carrier;

24 (11) "usual, customary, reasonable, or prevailing charge"  
25 means a charge that has been approved by the director for a medical  
26 care procedure, service, or supply item, and that is the lowest of the  
27 following amounts:

28 (A) the billed amount for the medical service pro-  
29 vider's actual charge;

Original: 1/1/89  
Reference: 1989 AS 100

1 (B) the charge usually made by that provider for  
2 performing that procedure or service or for providing the supply  
3 item; or

4 (C) the customary charge, based on a profile of char-  
5 ges made for the same medical procedure, service, or supply item  
6 in the same geographical area by other providers that have per-  
7 formed the same procedure or service or can provide the same  
8 supply item;

9 (12) "writing carrier" means the insurer or insurers select-  
10 ed by the association and approved by the director to administer a  
11 state plan.

12 \* Sec. 3. AS 21.09.210 is amended by adding a new subsection to read:

13 (j) A member of the Comprehensive Disability Insurance Asso-  
14 ciation created in AS 21.55.010 may credit against a premium tax  
15 imposed under this section, an amount equal to an assessment against  
16 the member under AS 21.55.220(d). Any portion of the credit allowed  
17 in this subsection that cannot be taken in a tax year without reducing  
18 taxable premiums below zero may be carried forward and credited in  
19 successive years until the credit is exhausted.

20 \* Sec. 4. The association established by sec. 2 of this Act shall make  
21 available to residents the plans required by AS 21.55.100, enacted in  
22 sec. 2 of this Act, by January 1, 1991.

23 \* Sec. 5. This Act takes effect immediately under AS 01.10.070(c).