

HOUSE BILL NO. 457

**IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION**

BY REPRESENTATIVES ELLIS, Donley, Koponen, B.Davis, Boyer

Introduced: 2/10/92

Referred: Health, Education & Social Services, Labor & Commerce, Finance

A BILL

FOR AN ACT ENTITLED

**1 "An Act establishing the Alaska Children's Health Corporation and the Alaska Healthy
2 Start Program; and relating to insurance."**

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

4 * Section 1. AS 21 is amended by adding a new chapter to read:

5 CHAPTER 55. HEALTHY START PROGRAM.

6 ARTICLE 1. ALASKA CHILDREN'S HEALTH CORPORATION.

**7 Sec. 21.55.010. CREATION OF CORPORATION. There is created the Alaska
8 Children's Health Corporation as a public corporation. The corporation is an instrumentality of
9 the state within the Department of Commerce and Economic Development, but it has a legal
10 existence independent of and separate from the state.**

**11 Sec. 21.55.020. PURPOSE OF THE CORPORATION. (a) The corporation's purpose
12 is to**

- 13 (1) administer the Alaska children's health care plan as described in this chapter;
14 (2) purchase health insurance coverage for children who are eligible for the plan**

1 under AS 21.55.110; and

2 (3) manage the Alaska children's health fund created under AS 21.55.200.

3 (b) The corporation is not considered an insurer. The directors and employees of the
4 corporation are not considered to be agents of an insurer. Neither the corporation nor a director
5 or employee of the corporation is subject to the licensing requirements of this title. However,
6 the division of insurance may require that a marketing representative used and compensated by
7 the corporation be appointed as a representative of the insurers with which the corporation
8 contracts.

9 Sec. 21.55.030. BOARD OF DIRECTORS. (a) The corporation is governed by a board
10 of directors consisting of the commissioner of commerce and economic development, the
11 commissioner of health and social services, and five other members appointed by the governor.
12 The five appointed members must include persons who are experienced in providing health care,
13 managing large funds, providing health insurance, and promoting child welfare.

14 (b) Board members shall serve staggered terms of four years.

15 (c) The board members shall select from among themselves a chair and a vice-chair.

16 (d) Members of the board receive no compensation for their services but are entitled to
17 per diem and travel allowances authorized by law for other boards and commissions under
18 AS 39.20.180.

19 (e) The board shall meet at least twice a year at times and locations determined by the
20 chair. Four members of the board constitute a quorum.

21 (f) The board may hire an executive director to assist it in carrying out its duties. The
22 executive director may hire other necessary staff. The executive director and other employees
23 of the board serve at the pleasure of the board and are in the exempt service under AS 39.25.110.

24 **ARTICLE 2. ALASKA CHILDREN'S HEALTH CARE PLAN.**

25 Sec. 21.55.100. CONTENTS OF PLAN. (a) The Alaska children's health care plan
26 consists of the following medical services for children who are eligible under AS 21.55.110:

- 27 (1) outpatient physician services;
28 (2) hospital services;
29 (3) clinic services;
30 (4) diagnostic, screening, and preventive services;
31 (5) dental services, except orthodontics;

- 1 (6) rehabilitation therapy;
- 2 (7) medical supplies;
- 3 (8) laboratory and x-ray services;
- 4 (9) immunizations;
- 5 (10) prescription eyeglasses and vision care; and
- 6 (11) prescription drugs.

7 (b) The board may, by regulations adopted under AS 44.62 (Administrative Procedure
8 Act), determine the scope of the services listed in (a) of this section and add other categories of
9 services that will be covered under the plan. A new category of service is not covered under the
10 plan until an insurer agrees to cover it.

11 Sec. 21.55.110. ELIGIBILITY FOR THE PLAN. A child is eligible for coverage under
12 the plan if

- 13 (1) the child is under the age of 19 and a resident of the state;
- 14 (2) the child does not have health care coverage under another public or private
15 health insurance plan;
- 16 (3) the child's household income is below 300 percent of the income level
17 established under AS 47.25.310 - 47.25.420 for eligibility for aid to families with dependent
18 children;
- 19 (4) the child is not eligible for medical coverage under AS 47.07 (Medicaid); and
- 20 (5) a portion of the premium for plan coverage is paid on behalf of the child, as
21 determined by the board under AS 21.55.130.

22 Sec. 21.55.120. APPLICATION PROCESS. (a) The parent or guardian of a child may
23 request an application packet for plan coverage on behalf of the child by notifying the board
24 directly or by completing the relevant section of the child's permanent fund dividend application
25 form as provided under AS 43.23.017.

26 (b) Upon direct notification by an interested person or upon notification from the
27 Department of Revenue of the name and mailing address of a person who has requested an
28 application packet for the plan under (a) of this section, the board shall send an application
29 packet to the person requesting it.

30 (c) An application packet sent under (b) of this section must include

- 31 (1) a description of the health care coverage available under the plan;

1 (2) a copy of the sliding fee schedule used by the board to determine a family's
2 premium co-payment responsibility;

3 (3) an explanation of the eligibility requirements for the plan; and

4 (4) an application form to be returned to the board if the person wants to apply
5 for coverage on behalf of an eligible child.

6 (d) Within 30 days after receiving a completed application for plan coverage, the board
7 shall either notify the applicant about whether the child is approved for coverage or request
8 additional information necessary to determine the child's eligibility. If the board determines that
9 a child is eligible for the plan, the notification of eligibility sent under this subsection must
10 include a determination of amount of the premium co-payment required under AS 21.55.140.

11 (e) The board's denial or withdrawal of plan coverage for a child may be appealed to the
12 superior court.

13 Sec. 21.55.130. ADMINISTRATION OF PLAN. (a) The board shall administer the
14 Alaska children's health care plan by

15 (1) soliciting and accepting funds from private sources for deposit into the
16 children's health fund created under AS 21.55.200;

17 (2) evaluating bids and purchasing insurance from one or more insurers to provide
18 plan coverage to children who are eligible under AS 21.55.110;

19 (3) marketing the plan in a manner designed to make its existence known to the
20 parents and guardians of children who may be eligible for the plan;

21 (4) evaluating applications for plan coverage and determining the eligibility of
22 children for plan coverage;

23 (5) determining the premium co-payment that is required under AS 21.55.140.

24 (b) The board shall adopt regulations under AS 44.62 (Administrative Procedure Act) to
25 implement this chapter.

26 Sec. 21.55.140. CO-PAYMENTS OF PREMIUMS. (a) Coverage under the plan is
27 contingent upon co-payment of part of the insurance premium, as determined by the board. The
28 board shall adopt a sliding scale for co-payments that takes into account the income and
29 resources of the child's household.

30 (b) The board, in cooperation with the Department of Revenue, shall adopt regulations
31 under which a parent or guardian may request that a child's permanent fund dividend be reduced

1 by the Department of Revenue to provide the premium co-payment for the child's plan coverage.

2 (c) The board shall deposit co-payments received under this section into the general fund.
3 The department of administration shall separately account for premium co-payments deposited
4 into the general account by the board. The estimated annual balance in the account may be used
5 by the legislature to make appropriations to the fund established under AS 21.55.200.

6 Sec. 21.55.150. CONFIDENTIALITY OF RECORDS. (a) Information received by the
7 board in an application for plan coverage is confidential and is not subject to public inspection
8 and copying under AS 09.25.110 - 09.25.120.

9 (b) A board member or employee of the corporation who divulges information in
10 violation of (a) of this section is guilty of a class B misdemeanor.

11 ARTICLE 3. ALASKA CHILDREN'S HEALTH FUND.

12 Sec. 21.55.200. CREATION OF FUND. There is created in the corporation the Alaska
13 children's health fund. It consists of money donated to the corporation from private sources and
14 appropriations made to the fund.

15 Sec. 21.55.210. USE OF THE FUND. The board may use money in the fund

- 16 (1) to pay insurance premiums for the Alaska children's health care plan; and
17 (2) for the board's expenses incurred in administration of the plan and the fund.

18 ARTICLE 4. GENERAL PROVISIONS.

19 Sec. 21.55.290. DEFINITIONS. In this chapter,

20 (1) "board" means the board of directors of the Alaska Children's Health
21 Corporation established under AS 21.55.010;

22 (2) "corporation" means the Alaska Children's Health Corporation established
23 under AS 21.55.010;

24 (3) "fund" means the Alaska children's health fund established under
25 AS 21.55.200;

26 (4) "plan" means the Alaska children's health care plan described under
27 AS 21.55.100.

28 Sec. 21.55.299. SHORT TITLE. This chapter may be cited as the Healthy Start Program.

29 * Sec. 2. AS 39.25.110 is amended by adding a new paragraph to read:

30 (30) the executive director and other employees of the Alaska Children's Health
31 Corporation (AS 21.55).

1 * **Sec. 3.** AS 39.30 is amended by adding a new section to read:

2 **Sec. 39.30.092. BIDDER REQUIREMENT.** An insurer may not submit a bid under
3 AS 39.30.090 for a type of medical care coverage that is included in the Alaska children's health
4 care plan under AS 21.55 unless the insurer also submits a bid to the Alaska Children's Health
5 Corporation to cover that type of medical care under AS 21.55.

6 * **Sec. 4.** AS 43.23. is amended by adding a new section to read:

7 **Sec. 43.23.017. ALASKA CHILDREN'S HEALTH PLAN.** (a) The department shall
8 include on the permanent fund dividend application form for children a question requesting
9 whether the child's parent or guardian wishes to

10 (1) apply for coverage of the child under the Alaska children's health care plan
11 established under AS 21.55;

12 (2) pay for the child's coverage under AS 21.55 by deduction from the child's
13 permanent fund dividend.

14 (b) Within 30 days after receiving an application form that indicates interest in the
15 Alaska children's health plan, the department shall notify the Alaska Children's Health
16 Corporation of the names and mailing addresses of persons who have indicated on a permanent
17 fund dividend form that they would like to apply on behalf of a child for coverage under the
18 Alaska children's health care plan.

19 (c) The department, in cooperation with the Alaska Children's Health Corporation, shall
20 adopt regulations governing how it will honor a parent's or guardian's request that a child's
21 permanent fund dividend be reduced by the department to provide the premium co-payment for
22 the child's coverage under the Alaska children's health care plan.

23 * **Sec. 5. TRANSITIONAL PROVISION.** Notwithstanding AS 21.55.030(b), enacted by sec. 1 of
24 this Act, the governor shall set the terms of the first five appointed members of the board of directors
25 of the Alaska Children's Health Corporation so that one of the appointed members serves a two-year
26 term, two members serve three-year terms, and two members serve four-year terms.