

**CS FOR HOUSE BILL NO. 457 (HES)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**SEVENTEENTH LEGISLATURE - SECOND SESSION**

**BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE**

**Offered: 4/6/92**

**Referred: Labor & Commerce, Finance**

**Sponsor(s): REPRESENTATIVES ELLIS, Donley, Koponen, B.Davis, Boyer, Lincoln**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act establishing the Alaska Children's Health Corporation and the Alaska Healthy  
2 Start Program; relating to insurance; and providing for an effective date."

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.** The Alaska Children's Health  
8 Corporation is created as a public corporation. The corporation is an instrumentality of the state  
9 within the Department of Administration, but it has a legal existence independent of and separate  
10 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 and pregnant women who are

1 eligible for the plan 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 administration, the commissioner of health and  
11 social services, and five other members appointed by the governor. The five appointed members  
12 must include persons who are experienced in providing health care, managing large funds,  
13 providing health insurance, and promoting child welfare. At least one member must be a person  
14 who resides in a rural area of the state or is familiar with health care delivery in rural areas of  
15 the state.

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

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

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

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

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

26 ARTICLE 2. ALASKA CHILDREN'S HEALTH CARE PLAN.

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

29 (1) routine examinations;

30 (2) diagnostic and screening services;

31 (3) immunizations and preventive services;

- 1 (4) laboratory and x-ray services;
- 2 (5) outpatient physician services;
- 3 (6) outpatient surgery;
- 4 (7) emergency room services;
- 5 (8) prescription lenses, eyeglass frames, and vision care;
- 6 (9) dental services, except orthodontics;
- 7 (10) prescription drugs; and
- 8 (11) other services, as approved by the board under (b) of this section.

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

13 (c) The plan also includes prenatal services, delivery services, and at least three months  
14 of postnatal services for pregnant women. The board may, by regulations adopted under  
15 AS 44.62 (Administrative Procedure Act), determine the scope of services covered under this  
16 subsection, including the duration of postnatal services beyond the minimum set under this  
17 subsection.

18 (d) In addition to the premium copayment required under AS 21.55.140, the board may  
19 require a copayment for a service, establish deductibles, set duration and usage limits, develop  
20 and implement procedures related to utilization review, and establish other reasonable conditions  
21 relating to the provision of services under (a) - (c) of this section to limit the cost of the plan's  
22 operation and to ensure the efficiency and efficacy of the services provided under the plan.

23 **Sec. 21.55.110. ELIGIBILITY FOR THE PLAN.** (a) A child is eligible for coverage  
24 under AS 21.55.100(a) and (b) if

25 (1) the child is under the age of 19 and has been a resident of the state for the  
26 12 months immediately preceding application for plan coverage or, if the child is less than one  
27 year old, at least one of the child's parents has been a resident of the state for the 12 months  
28 immediately preceding application for plan coverage;

29 (2) the child does not have health care coverage under another public or private  
30 health insurance plan;

31 (3) the child's household income is below 300 percent of the income level

1 established under AS 47.25.310 - 47.25.420 for eligibility for aid to families with dependent  
2 children;

3 (4) the child is not eligible for medical coverage under AS 47.07 (Medicaid); and

4 (5) a portion of the premium for plan coverage is paid on behalf of the child, as  
5 determined by the board under AS 21.55.140.

6 (b) A pregnant woman is eligible for coverage under AS 21.55.100(c) if

7 (1) the woman has been a resident of the state for the 12 months immediately  
8 preceding the woman's application for plan coverage;

9 (2) the woman does not have coverage for prenatal, delivery, or postnatal services  
10 under another public or private health insurance plan;

11 (3) the woman's income is below 300 percent of the income level established  
12 under AS 47.25.310 - 47.25.420 for eligibility for aid to families with dependent children;

13 (4) the woman is not eligible for medical coverage under AS 47.07 (Medicaid);

14 and

15 (5) a portion of the premium for plan coverage is paid on behalf of the woman,  
16 as determined by the board under AS 21.55.140.

17 Sec. 21.55.120. APPLICATION PROCESS. (a) A pregnant woman or the parent or  
18 guardian of a child may request an application packet for plan coverage by notifying the board  
19 directly or by completing the relevant section of the woman's or child's permanent fund dividend  
20 application form as provided under AS 43.23.017.

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

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

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

27 (2) a copy of the sliding fee schedule used by the board to determine the premium  
28 copayment responsibility and a description of deductibles and copayment requirements the board  
29 has established under AS 21.55.100(d);

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

31 (4) an application form to be returned to the board if the person wants to apply

1 for coverage personally or on behalf of an eligible child.

2 (d) Within 30 days after receiving a completed application for plan coverage, the board  
3 shall either notify the applicant about whether the plan coverage is approved or request additional  
4 information necessary to determine the eligibility. If the board determines that a pregnant woman  
5 or a child is eligible for the plan, the notification of eligibility sent under this subsection must  
6 include a determination of amount of the premium copayment required under AS 21.55.140.

7 (e) The board's denial or withdrawal of plan coverage may be appealed to the superior  
8 court.

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

11 (1) soliciting and accepting funds from private sources for deposit into the  
12 children's health fund created under AS 21.55.200; the board may also accept donations of  
13 services, supplies, personnel, and other in-kind donations;

14 (2) evaluating bids and purchasing insurance from one or more insurers to provide  
15 plan coverage;

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

18 (4) evaluating applications for plan coverage and determining eligibility for plan  
19 coverage;

20 (5) determining the premium copayment that is required under AS 21.55.140.

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

23 Sec. 21.55.140. COPAYMENTS OF PREMIUMS. (a) Coverage under the plan is  
24 contingent upon copayment of part of the insurance premium, as determined by the board. The  
25 board shall adopt a sliding scale for copayments that takes into account the income and resources  
26 of the eligible person's household. The board shall determine whether two copayments are  
27 required when eligible children are in a household that includes a woman who is eligible because  
28 of pregnancy.

29 (b) The board, in cooperation with the Department of Revenue, shall adopt regulations  
30 under which a pregnant woman or a parent or guardian may request that a permanent fund  
31 dividend to which the woman or child is entitled be reduced by the Department of Revenue to

1 provide the premium copayment for the women's or child's plan coverage.

2 (c) The board shall deposit copayments received under this section into the general fund.  
3 The department of administration shall separately account for premium copayments deposited into  
4 the general account by the board. The estimated annual balance in the account may be used by  
5 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. The Alaska children's health fund is created  
13 in the corporation. 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 a question requesting whether the  
9 applicant wishes to

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

12                   (2) pay for the coverage under AS 21.55 by deduction from the permanent fund  
13 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 for coverage under the Alaska children's health  
18 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 request that a permanent fund dividend be  
21 reduced by the department to provide the premium copayment for coverage under the Alaska  
22 children's health care plan.

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

27 \* **Sec. 6. EVALUATION OF COST OPTIONS.** The board of directors of the Alaska Children's  
28 Health Corporation established under this Act shall, after appropriate consultation with interested persons,  
29 prepare an estimate of the fiscal costs to the state and to eligible persons of purchasing insurance to  
30 cover the services described in AS 21.55.100, enacted by sec. 1 of this Act. The estimate must present  
31 at least two alternative funding levels and include an explanation of the scope of services proposed by

1 the board for each funding level. The board shall submit the estimate and explanation to the governor  
2 and the legislature by March 1, 1993.

3 \* Sec. 7. AS 21.55.010 - 21.55.030, 21.55.130(a)(1), and 21.55.200 - 21.55.299, enacted by sec. 1  
4 of this Act, and secs. 2, 5, and 6 of this Act take effect immediately under AS 01.10.070(c).

5 \* Sec. 8. Except as provided in sec. 7 of this Act, this Act takes effect July 1, 1993.