

**HOUSE BILL NO. 414**

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

**EIGHTEENTH LEGISLATURE - SECOND SESSION**

**BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**Introduced: 1/28/94**

**Referred: Health, Education & Social Services, Judiciary, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act creating the Alaska Health Commission; relating to the delivery, quality,  
2 access, and financing of health care; relating to review and approval of rates and  
3 charges of health insurers; relating to certain civil actions against health care  
4 providers and health insurers; repealing Alaska Rule of Civil Procedure 72.1; and  
5 providing for an effective date."

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

7 \* Section 1. FINDINGS. The legislature finds that the access to quality and affordable  
8 health care is a vital public interest. The legislature further finds that health care costs have  
9 grown at a rate far in excess of the overall inflation rate in the economy due to several factors,  
10 including variations in treatment practices of providers, cost-shifting by health care providers,  
11 administrative costs of insurance claims practices, unavailability of affordable insurance, and  
12 costs of increasing claims and liability for medical malpractice. The legislature therefore finds  
13 a present need for long-term reform of the health care system in Alaska.

1     \* **Sec. 2. INTENT.** It is the intent of the legislature to promote access to affordable,  
2 quality health care for Alaskans by establishing a mechanism for the review of health  
3 insurance rate filings, the implementation of health care reform measures, the stabilization of  
4 health care service costs, the collection and analysis of information and data concerning health  
5 care services, and the making of recommendations based on that data to the governor and the  
6 legislature.

7     \* **Sec. 3. AS 44.19 is amended by adding new sections to read:**

8                     **ARTICLE 12. ALASKA HEALTH COMMISSION.**

9                     **Sec. 44.19.620. CREATION OF COMMISSION.** There is created within the  
10 Office of the Governor the Alaska Health Commission.

11                    **Sec. 44.19.621. PURPOSE OF COMMISSION.** (a) The purpose of the  
12 commission is to improve health care in this state by

13                             (1) establishing and implementing a system for collecting and analyzing  
14 information and data relating to health care needs of and services provided to  
15 Alaskans;

16                             (2) promoting the use of electronic data transfer and the implementation  
17 of uniform procedures for billing, payment, and claim systems;

18                             (3) promoting consumer confidence in the health insurance system  
19 through approval of rate filings by health insurers;

20                             (4) promoting the creation of pools for the purpose of sharing risks or  
21 purchasing insurance for health care services; and

22                             (5) except as provided in (b) of this section, analyzing health care  
23 reform proposals; recommending health care reform proposals to the governor and the  
24 legislature; and reporting to and making recommendations to the governor and  
25 legislature by the dates set in this paragraph on the following:

26                                     (A) defining a range of potential benefit packages for universal  
27 health care coverage for Alaskans -- on or before January 1, 1996;

28                                     (B) determining the needs and requirements imposed on this  
29 state by measures passed by Congress and enacted into law that affect federal  
30 health care reform -- on or before 60 days after each measure is enacted into  
31 law;

1 (C) determining the prospective costs for recommended  
2 comprehensive health care reform proposals, as requested by the governor or  
3 as determined by a majority vote of the commission -- on or before January 1,  
4 1996;

5 (D) determining financing plans for recommended proposals --  
6 on or before January 1, 1996;

7 (E) describing administrative structures necessary to implement  
8 recommended proposals -- on or before January 1, 1996;

9 (F) identifying a process to implement statewide expenditure  
10 measures for health care goods and services -- on or before July 1, 1996;

11 (G) investigating health care standards of practice and  
12 determining their impact on medical tort liability and other aspects of health  
13 care delivery -- on or before January 1, 1997; and

14 (H) investigating alternatives to existing hospital licensing  
15 requirements to allow for less use of acute care facilities -- on or before  
16 January 1, 1997.

17 (b) Upon request of the commission, and for good cause shown, the governor  
18 may grant an extension of a deadline set in (a) of this section. The governor shall  
19 inform the legislature of a decision on a request to extend a deadline.

20 Sec. 44.19.622. COMPOSITION; QUALIFICATIONS; TERMS; REMOVAL;  
21 DESIGNATION OF CHAIRPERSON. (a) The commission consists of three members  
22 appointed by the governor and confirmed by the legislature for staggered six-year  
23 terms.

24 (b) A commission member may serve only one six-year term plus the  
25 remainder of any unexpired term to which the member was appointed.

26 (c) The governor may remove a member of the commission only for cause.

27 (d) The governor shall designate a member of the commission to serve, at the  
28 pleasure of the governor, as chairperson of the commission for a term of two years.  
29 The governor may reappoint the same member for additional terms as chairperson.

30 (e) A commission member shall comply with the applicable requirements of  
31 AS 39.50, and must be a state resident throughout the person's term as a member of

1 the commission.

2 **Sec. 44.19.623. STAFF.** The commission may employ staff as necessary to  
3 carry out the purposes of this chapter. The staff of the commission is in the exempt  
4 service.

5 **Sec. 44.19.624. COMPENSATION.** Members of the commission are in the  
6 exempt service and are entitled to a monthly salary equal to Range 26, Step C, of the  
7 salary schedule in AS 39.27.011(a) for Anchorage, Alaska. Subject to the availability  
8 of appropriations, the chairperson may be paid at a higher step in the same range, if  
9 approved by the governor.

10 **Sec. 44.19.625. MEETINGS.** (a) The commission shall meet publicly not less  
11 than quarterly to accomplish its duties under AS 44.19.620 - 44.19.639. These public  
12 meetings must comply with AS 44.62.310 - 44.62.312, to the extent they are not  
13 exempted from those requirements under AS 44.62.310(d).

14 (b) Two members of the commission constitute a quorum for the transaction  
15 of business and the exercise of the powers and duties of the commission.

16 **Sec. 44.19.626. POWERS AND DUTIES.** (a) The commission may

17 (1) enter into contracts and execute instruments necessary for carrying  
18 out its business;

19 (2) establish advisory committees to the commission to conduct  
20 research or investigation and report back to the commission on findings; an advisory  
21 committee must consist of at least one member of the commission and may include  
22 other individuals with appropriate expertise appointed by the commission;

23 (3) adopt regulations necessary to interpret or implement  
24 AS 44.19.620 - 44.19.639, including regulations establishing reasonable, necessary fees  
25 for services provided by the commission.

26 (b) The commission shall

27 (1) conduct public meetings in accordance with AS 44.19.625,  
28 including holding public hearings as necessary;

29 (2) collect and analyze data and information from public, private, or  
30 other sources relating to the cost, delivery, or financing of health care services  
31 provided to Alaskans;

1                   (3) monitor the costs of and the access to health care services to  
2 Alaskans;

3                   (4) make reports and recommendations to the governor and legislature  
4 in accordance with AS 44.19.620 - 44.19.639;

5                   (5) review and either approve or disapprove filings of rates, rate factors,  
6 and subscriber and enrollee fees as provided in AS 44.19.629.

7                   Sec. 44.19.627. DUTY TO REPORT. At the request of the governor, the  
8 commission shall compile and issue to the governor, the legislature, and the public a  
9 report concerning its activities.

10                  Sec. 44.19.628. UNIFORM DATA AND PROCEDURES FOR HEALTH  
11 CLAIMS. (a) No later than July 31, 1996, the director of the division of insurance,  
12 after considering the advice of the commission, shall adopt by regulation uniform  
13 claims forms, uniform standards, and uniform procedures for the processing of data  
14 relating to billing for and payment of health care services provided to Alaskans. All  
15 health insurers shall comply with the uniform claims forms, standards, and procedures  
16 established under this section.

17                  (b) To the extent that there is a conflict or inconsistency between a provision  
18 of AS 21 that applies to a health insurer and a provision of a regulation adopted under  
19 (a) of this section, the regulation governs. The director of the division of insurance  
20 shall ensure that regulations adopted by the director under AS 21 that apply to a health  
21 insurer are not in conflict or inconsistent with regulations adopted under (a) of this  
22 section.

23                  Sec. 44.19.629. REVIEW AND APPROVAL OF RATES AND CHARGES.  
24 (a) A health insurer shall simultaneously file with the commission and the division  
25 of insurance a rate, rating factor, or subscriber or enrollee fee, including a change to  
26 such a rate, factor, or fee, relating to insurance or contracts affecting the delivery of  
27 health care services. The filing required by this subsection must be made at least 75  
28 days before the intended effective date of the rate, factor, or fee. Within 45 days after  
29 a filing, the division of insurance shall review the filing and make a written  
30 recommendation to the commission as to whether the commission should approve or  
31 disapprove the filing.

1           **(b) The commission shall review a filing made under (a) of this section and**  
2 **the recommendation of the division of insurance. In reviewing a filing, the**  
3 **commission**

4                   **(1) shall collect and analyze information and data from the health**  
5 **insurer that made the filing;**

6                   **(2) may use any information or data collected under AS 44.19.620 -**  
7 **44.19.639; and**

8                   **(3) shall hold a public hearing for comment on the filing and for**  
9 **verifying the basis for the filing.**

10           **(c) After the commission completes the requirements of (b) of this section, the**  
11 **commission shall issue a decision on the filing. The commission may approve or**  
12 **disapprove a filing under this section. If the commission fails to issue a decision**  
13 **within 75 days after the filing was made, the filing is considered to be approved by**  
14 **the commission under this section.**

15           **Sec. 44.19.630. APPEALS OF COMMISSION DECISIONS. A health insurer**  
16 **aggrieved by a decision of the commission under AS 44.19.629 concerning that**  
17 **insurer's filing may appeal the decision to the superior court under procedures**  
18 **provided by court rule.**

19           **Sec. 44.19.631. DISCLOSURE OF INFORMATION; PENALTY. (a) All**  
20 **persons and entities providing or insuring health care services to Alaskans shall**  
21 **provide, upon request or order of the commission, reports, data, health information,**  
22 **insurance schedules, statistics, and other information, as determined necessary by the**  
23 **commission, by regulation, to carry out the purposes of AS 44.19.620 - 44.19.639.**  
24 **The persons and entities required to comply with this subsection include state and local**  
25 **governments, public and private health care facilities and providers, and health care**  
26 **insurers and self-insurers.**

27           **(b) Information and data obtained or produced by the commission is subject**  
28 **to the disclosure requirements and exceptions of AS 09.25.110 and 09.25.120 and the**  
29 **regulations adopted under those statutes. Information or data identifying a recipient**  
30 **of health care services is considered to be a medical and related public health record**  
31 **subject to the exception to public inspection under AS 09.25.120 and shall be kept**

1 confidential as a matter of law.

2 (c) A member, an employee, or an agent of the commission, or a member of  
3 an advisory committee to the commission, who wrongfully discloses or who uses or  
4 permits the use of confidential information or data in violation of (b) of this section  
5 is guilty of a class B misdemeanor.

6 Sec. 44.19.632. IMMUNITY FROM LIABILITY. Members of the  
7 commission, its employees, its agents, its advisory committee members, and persons  
8 providing information and data to the commission as required under AS 44.19.620 -  
9 44.19.639 are not liable for civil damages for an act or omission in the execution of  
10 their authorized activities or duties under AS 44.19.620 - 44.19.639. This section does  
11 not preclude liability for civil damages as a result of reckless or intentional  
12 misconduct.

13 Sec. 44.19.633. OATHS; SUBPOENAS. (a) The commission may administer  
14 oaths and may issue subpoenas to persons to require testimony or to require the  
15 production of records, information, or data under AS 44.19.629 or 44.19.631.

16 (b) If a person disobeys or resists a lawful subpoena issued by the commission,  
17 the commission may certify the facts to the superior court, and upon certification the  
18 court shall issue an order directing the person to appear before the court and show  
19 cause why the person should not be punished for contempt.

20 Sec. 44.19.634. APPROPRIATIONS. The legislature may appropriate a  
21 portion of the proceeds of the tax on insurance premiums collected under  
22 AS 21.09.210 to the Alaska Health Commission for the commission's operating costs.

23 Sec. 44.19.639. DEFINITIONS. In AS 44.19.620 - 44.19.639, unless the  
24 context requires otherwise,

25 (1) "commission" means the Alaska Health Commission;

26 (2) "division of insurance" means the division of insurance in the  
27 Department of Commerce and Economic Development;

28 (3) "health care services" has the meaning given in AS 21.86.900;

29 (4) "health information" means all information and data relating to  
30 access to or delivery or financing of health care services;

31 (5) "health insurance" has the meaning given "disability insurance" in

1 AS 21.12.050;

2 (6) "health insurer" means an entity transacting the business of health  
3 insurance, a health maintenance organization under AS 21.86, a hospital service  
4 corporation under AS 21.87, a medical service corporation under AS 21.87, or a  
5 combined medical service and hospital service corporation under AS 21.87;

6 (7) "pool" means a mechanism to facilitate or provide for sharing risks  
7 or the purchase of health insurance in the event coverage is unavailable or  
8 unobtainable, whether due to cost or otherwise;

9 (8) "provider" has the meaning given in AS 21.86.900.

10 \* Sec. 4. AS 09.55.535 is repealed and reenacted to read:

11 Sec. 09.55.535. MANDATORY ARBITRATION. (a) A person who files an  
12 action for damages against a health care provider resulting from medical malpractice  
13 shall also submit the claim to the court for arbitration.

14 (b) When a claim is submitted as required by (a) of this section, the court shall  
15 appoint an arbitrator to review the claim. The arbitrator appointed to review the claim  
16 shall interview the parties and examine all records or materials relating to the claim  
17 and may compel the attendance of witnesses, interview the parties, or consult with  
18 medical specialists.

19 (c) An arbitrator appointed under this section shall conduct a prehearing  
20 settlement conference within 30 days after the appointment. The arbitrator shall  
21 establish a period for discovery and a date for a hearing. The hearing date may not  
22 be more than 120 days after the settlement conference.

23 (d) An arbitrator shall render a decision within 30 days after hearing a claim  
24 under (c) of this section. The decision must contain findings of fact and conclusions  
25 of law. The decision of the arbitrator may be rejected by a party.

26 (e) If the decision of the arbitrator is rejected by a party, the action may  
27 proceed in the appropriate court. The arbitrator's decision is admissible evidence in  
28 that action and may be used by a party to support or oppose a claim of damages.

29 (f) The provisions of AS 09.43.010 - 09.43.180 (Uniform Arbitration Act)  
30 apply to an arbitration under this section to the extent the provisions do not conflict  
31 with the provisions of this section.

1 \* **Sec. 5. AS 09.55.536 is amended to read:**

2 **Sec. 09.55.536. EXPERT ADVISOR [ADVISORY PANEL]. (a) In an action**  
3 **for damages due to personal injury or death based upon the provision of professional**  
4 **services by a health care provider [WHEN THE PARTIES HAVE NOT AGREED TO**  
5 **ARBITRATION OF THE CLAIM UNDER AS 09.55.535,] the court shall appoint**  
6 **within 20 days after filing of answer to a summons and complaint an expert medical**  
7 **advisor [A THREE-PERSON EXPERT ADVISORY PANEL] unless the court decides**  
8 **that an expert advisory opinion is not necessary for a decision in the case. When the**  
9 **action is filed the court shall, by order, determine the professions or specialties to be**  
10 **represented by the medical expert [ON THE EXPERT ADVISORY PANEL], giving**  
11 **the parties the opportunity to object or make suggestions.**

12 (b) The expert advisor [ADVISORY PANEL] may compel the attendance of  
13 witnesses, interview the parties, physically examine the injured person if alive, consult  
14 with the specialists or learned works the advisor considers [THEY CONSIDER]  
15 appropriate, and compel the production of and examine all relevant hospital, medical,  
16 or other records or materials relating to the health care in issue. The advisor  
17 [PANEL] may meet in camera, but shall maintain a record of any testimony or oral  
18 statements of witnesses, and shall keep copies of all written statements received [IT  
19 RECEIVES].

20 (c) Not more than 30 days after selection of the advisor, the advisor [PANEL,  
21 IT] shall make a written report to the parties and to the court, answering the following  
22 questions and other questions submitted to the advisor [PANEL] by the court:

- 23 (1) What was the disorder for which the plaintiff came to medical care?  
24 (2) What would have been the probable outcome without medical care?  
25 (3) Was the treatment selected appropriate for the case?  
26 (4) Did an injury arise from the medical care?  
27 (5) What is the nature and extent of the medical injury?  
28 (6) What specifically caused the medical injury?  
29 (7) Was the medical injury caused by unskillful care?  
30 (8) If a medical injury had not occurred, how would the plaintiff's  
31 condition differ from the plaintiff's present condition?

1 (d) In any case in which the answer to one or more of the questions submitted  
2 to the advisor [PANEL] depends upon the resolution of factual questions that  
3 [WHICH] are not the proper subject of expert opinion, the report shall so state and  
4 may answer questions based upon hypothetical facts that are fully set out in the  
5 opinion. The report must [SHALL] include copies of all written statements, opinions,  
6 or records relied upon by the advisor [PANEL] and either a transcription or other  
7 record of any oral statements or opinions; must [SHALL] specify any medical or  
8 scientific authority relied upon by the advisor [PANEL]; and must [SHALL] include  
9 the results of any physical or mental examination performed on the plaintiff. The  
10 advisor [EACH MEMBER] shall sign the report and the signature constitutes the  
11 advisor's [MEMBER'S] adoption of all statements and opinions contained in it (;  
12 HOWEVER, A MEMBER MAY, INSTEAD OF SIGNING THE REPORT, SUBMIT  
13 A CONCURRING OR DISSENTING REPORT WHICH COMPLIES WITH THE  
14 REQUIREMENTS OF THIS SUBSECTION). An advisor [A MEMBER] may not  
15 attest to any portion of the report as to which the advisor [MEMBER] is not qualified  
16 to give expert testimony.

17 (e) The report of the advisor [PANEL WITH ANY DISSENTING OR  
18 CONCURRING OPINION] is admissible in evidence to the same extent as though its  
19 contents were orally testified to by the person [OR PERSONS] preparing it. The court  
20 shall delete any portion that would not be admissible because of lack of foundation for  
21 opinion testimony, or otherwise. Either party may submit testimony to support or  
22 refute the report. The jury shall be instructed in general terms that the report shall be  
23 considered and evaluated in the same manner as any other expert testimony. The  
24 expert advisor [ANY MEMBER OF THE PANEL] may be called by any party and  
25 may be cross-examined as to the contents of the report [OR OF THAT MEMBER'S  
26 DISSENTING OR CONCURRING OPINION].

27 (f) Discovery [NO DISCOVERY] may not be undertaken in a case until the  
28 report of the expert advisor [ADVISORY PANEL] is received. However, the court  
29 may relax this prohibition upon a showing of good cause by a [ANY] party. If the  
30 advisor [PANEL] has not completed the [ITS] report within the 30-day period  
31 prescribed in (c) of this section, the court may, upon application, grant [IT] an

1 additional 30 days.

2 (g) The expert advisor is [MEMBERS OF A PANEL ARE] entitled to travel  
3 expenses and per diem in accordance with state law pertaining to members of boards  
4 and commissions for all time spent in preparing the [ITS] report. If an advisor [A  
5 PANEL MEMBER] is called upon as a witness at trial or upon deposition, the advisor  
6 [MEMBER] is entitled to payment of an expert witness fee, which may not exceed  
7 \$150 per day. All expenses incurred by the advisor [PANEL] shall be paid by the  
8 court. However, in any case in which the court determines that a party has made a  
9 patently frivolous claim or a patently frivolous denial of liability, it shall order that all  
10 costs of the expert advisor [ADVISORY PANEL] be borne by the party making that  
11 claim or denial.

12 (h) Parties to the case and their counsel may not initiate communication out  
13 of court with an expert advisor [MEMBERS OF THE PANEL] on the subject matter  
14 of the advisor's [ITS] inquiry and report or cause or solicit others to do so, except  
15 through ordinary discovery proceedings.

16 \* Sec. 6. AS 09.55 is amended by adding a new section to read:

17 ARTICLE 5A. CERTAIN CLAIMS AGAINST HEALTH INSURERS.

18 Sec. 09.55.565. PROCEDURE FOR CERTAIN CLAIMS AGAINST A  
19 HEALTH INSURER. (a) Unless preempted by federal law that provides otherwise,  
20 a person who files an action against a health insurer resulting from a failure to timely  
21 pay a claim or to authorize a health care service under a plan or policy shall also  
22 submit the claim to the court for arbitration.

23 (b) When a claim is submitted as required by (a) of this section, the court shall  
24 appoint an arbitrator to review the claim. The arbitrator appointed to review the claim  
25 shall interview the parties and examine all records or materials relating to the claim  
26 and may compel the attendance of witnesses, interview the parties, or consult with  
27 medical specialists.

28 (c) An arbitrator appointed under this section shall conduct a prehearing  
29 settlement conference within 30 days after the appointment. The arbitrator shall  
30 establish a period for discovery and a date for a hearing. The hearing date may not  
31 be more than 120 days after the settlement conference.

1 (d) An arbitrator shall render a decision within 30 days after hearing a claim  
2 under (c) of this section. The decision must contain findings of fact and conclusions  
3 of law. The decision of the arbitrator may be rejected by a party.

4 (e) If the decision of the arbitrator is rejected by a party, the action may  
5 proceed in the appropriate court. The arbitrator's decision is admissible evidence in  
6 that action and may be used by a party to support or oppose a claim of damages.

7 (f) The provisions of AS 09.43.010 - 09.43.180 (Uniform Arbitration Act)  
8 apply to an arbitration under this section to the extent the provisions do not conflict  
9 with the provisions of this section.

10 (g) In this section,

11 (1) "health care service" has the meaning given "health care services"  
12 in AS 21.86.900;

13 (2) "health insurer" has the meaning given in AS 44.19.639.

14 \* Sec. 7. AS 21.51 is amended by adding new sections to read:

15 Sec. 21.51.350. REVIEW AND APPROVAL OF RATES AND RATING  
16 FACTORS. (a) As required by AS 44.19.629, a disability insurer shall file with the  
17 director and the Alaska Health Commission rates or rating factors for disability  
18 insurance, including a change to such a rate or factor. The filing must include detailed  
19 information so that the director and the commission may evaluate the appropriateness  
20 of the proposed rate or rating factor. A disability insurer may furnish the following  
21 information in support of a filing:

22 (1) actuarial judgment;

23 (2) interpretation of the statistical data relied upon by the disability  
24 insurer;

25 (3) the loss and expense experience of the policy or plan or a similar  
26 policy or plan;

27 (4) other information or data requested by the director.

28 (b) As provided in AS 44.19.629, a filing must be made at least 75 days before  
29 the intended effective date of the rate or rating factor and is subject to the approval of  
30 the Alaska Health Commission. As required by AS 44.19.629, the director shall make  
31 a written recommendation to the Alaska Health Commission as to whether the

1 commission should approve or disapprove the filing. This recommendation is not an  
2 order of the director and is not appealable under AS 21.06.230.

3           **Sec. 21.51.360. PURCHASING POOLS.** After consulting with and  
4 considering any reports or recommendations of the Alaska Health Commission  
5 (AS 44.19.620), the director shall adopt regulations to allow for the creation of pools  
6 for the purpose of sharing risks or purchasing insurance under this chapter.

7 \* **Sec. 8.** AS 21.86.070(g) is amended to read:

8           (g) The director may require that additional relevant material considered  
9 necessary by the director be submitted in order to determine the acceptability of a  
10 filing made under [EITHER] (b) [OR (e)] of this section.

11 \* **Sec. 9.** AS 21.86 is amended by adding a new section to read:

12           **Sec. 21.86.075. REVIEW AND APPROVAL OF RATES AND CHARGES.**

13 (a) As required by AS 44.19.629, a health maintenance organization shall file with the  
14 director and the Alaska Health Commission rates, rating factors, premiums, fees for  
15 services and enrollee fees, including a change to such a rate, factor, premium, or fee,  
16 used in providing health care services to enrollees of the health maintenance  
17 organization. The filing must include detailed information so that the director and the  
18 commission may evaluate the appropriateness of the proposed rates, factors, premiums,  
19 and fees. A health maintenance organization may furnish the following information  
20 in support of a filing:

21                   (1) actuarial judgment;

22                   (2) interpretation of the statistical data relied upon by the health  
23 maintenance organization;

24                   (3) the loss and expense experience of the policy or plan or a similar  
25 policy or plan; or

26                   (4) other information or data requested by the director.

27           (b) As provided in AS 44.19.629, a filing must be made at least 75 days before  
28 the intended effective date of the rate, rating factor, premium, fee for services, or  
29 enrollee fee and is subject to the approval of the Alaska Health Commission. As  
30 required by AS 44.19.629, the director shall make a written recommendation to the  
31 Alaska Health Commission as to whether the commission should approve or

1 disapprove the filing. This recommendation is not an order of the director and is not  
2 appealable under AS 21.06.230.

3 \* Sec. 10. AS 21.86 is amended by adding a new section to read:

4 Sec. 21.86.320. PURCHASING POOLS. After consulting with and  
5 considering any reports or recommendations of the Alaska Health Commission  
6 (AS 44.19.620), the director shall adopt regulations to allow for the creation of pools  
7 for the purpose of sharing risks or purchasing insurance under this chapter.

8 \* Sec. 11. AS 21.87.190 is repealed and reenacted to read:

9 Sec. 21.87.190. REVIEW AND APPROVAL OF RATES AND CHARGES.

10 (a) Subscription rates, fees, and payments to be charged by a service corporation to  
11 or on account of its subscribers may not be excessive, inadequate, or unfairly  
12 discriminatory; and rates of payments to be made to participant providers and  
13 participant hospitals for services rendered under a subscriber's contract must be fair  
14 and reasonable.

15 (b) As required by AS 44.19.629, a service corporation shall file with the  
16 director and the Alaska Health Commission subscription rates, rating factors, fees, and  
17 payments, including a change to such a rate, factor, fee, or payment, to be charged to  
18 or on account of the service corporation's subscribers. The filing must include detailed  
19 information so that the director and the commission may evaluate the appropriateness  
20 of the proposed rates, factors, fees, and payments. A service corporation may furnish  
21 the following information in support of a filing:

- 22 (1) actuarial judgment;
- 23 (2) interpretation of the statistical data relied upon by the service  
24 corporation;
- 25 (3) the loss and expense experience of the policy or plan or a similar  
26 policy or plan; or
- 27 (4) other information or data requested by the director.

28 (c) As provided in AS 44.19.629, a filing must be made at least 75 days before  
29 the intended effective date of the subscription rate, rating factor, fee, or payment and  
30 is subject to the approval of the Alaska Health Commission. As required by  
31 AS 44.19.629, the director shall make a written recommendation to the Alaska Health

1. Commission as to whether the commission should approve or disapprove the filing.  
2. This recommendation is not an order of the director and is not appealable under  
3. AS 21.06.230.

4. (d) If a subscriber contract to be issued by the service corporation provides for  
5. indemnity benefits, if permitted under this chapter, the service corporation shall include  
6. in the rate, fee, or payment required of the subscriber an adequate additional charge  
7. for the indemnity benefit, and shall separately set out the amount of the additional  
8. charge in the filing required by this section and AS 44.19.629.

9. \* Sec. 12. AS 21.87 is amended by adding a new section to read:

10. Sec. 21.87.285. PURCHASING POOLS. After consulting with and  
11. considering any reports or recommendations of the Alaska Health Commission  
12. (AS 44.19.620), the director shall adopt regulations to allow for the creation of pools  
13. for the purpose of sharing risks or purchasing insurance under this chapter.

14. \* Sec. 13. AS 36.30.015 is amended by adding a new subsection to read:

15. (h) The Alaska Health Commission shall adopt regulations to manage the  
16. procurement of supplies, services, and professional services necessary for its operations  
17. under AS 44.19.620 - 44.19.639. The regulations must be based on principles of  
18. competitive procurement, consistent with this chapter, to satisfy the requirements of  
19. the Alaska Health Commission as determined by that commission.

20. \* Sec. 14. AS 36.30.990(1) is amended to read:

21. (1) "agency"

22. (A) means a department, institution, board, commission,  
23. division, authority, public corporation, the Alaska Pioneers' Home, or other  
24. administrative unit of the executive branch of state government;

25. (B) does not include

26. (i) the University of Alaska;

27. (ii) the Alaska Railroad Corporation;

28. (iii) the Alaska Housing Finance Corporation;

29. (iv) a regional Native housing authority created under

30. AS 18.55.996 or a regional electrical authority created under

31. AS 18.57.020;

1 (v) the Department of Transportation and Public  
2 Facilities, in regard to the repair, maintenance, and reconstruction of  
3 vessels, docking facilities, and passenger and vehicle transfer facilities  
4 of the Alaska marine highway system;

5 (vi) the Alaska Aerospace Development Corporation;

6 (vii) the Alaska State Pension Investment Board;

7 (viii) the Alaska Health Commission (AS 44.19.620);

8 \* Sec. 15. AS 39.25.110(11) is amended to read:

9 (11) the officers and employees of the following boards, commissions,  
10 and authorities:

11 (A) Alaska Gas Pipeline Financing Authority;

12 (B) Alaska Permanent Fund Corporation;

13 (C) Alaska Industrial Development and Export Authority;

14 (D) Alaska Commercial Fisheries Entry Commission;

15 (E) Alaska Commission on Postsecondary Education;

16 (F) Alaska Aerospace Development Corporation;

17 (G) Alaska Health Commission (AS 44.19.620);

18 \* Sec. 16. AS 44.62.310(d) is amended to read:

19 (d) This section does not apply to

20 (1) judicial or quasi-judicial bodies when holding a meeting solely to  
21 make a decision in an adjudicatory proceeding;

22 (2) juries;

23 (3) parole or pardon boards;

24 (4) meetings of a hospital medical staff; [OR]

25 (5) meetings of the governing body or any committee of a hospital  
26 when holding a meeting solely to act upon matters of professional qualifications,  
27 privileges or discipline; or

28 (6) meetings of the Alaska Health Commission, except for meetings  
29 concerning the adoption of regulations or actions on filings under AS 44.19.620.

30 \* Sec. 17. AS 44.66.010(a) is amended by adding a new paragraph to read:

31 (20) Alaska Health Commission (AS 44.19.620) -- June 30, 1999.

1 \* **Sec. 18.** AS 09.55.560(2), 09.55.560(3); AS 21.86.070(e), and 21.86.070(f) are repealed.

2 \* **Sec. 19.** Alaska Rule of Civil Procedure 72.1 is repealed.

3 \* **Sec. 20. APPLICABILITY.** Sections 4, 5, and 6 of this Act apply to a cause of action  
4 accruing on or after the effective date of this Act.

5 \* **Sec. 21. (a) INITIAL APPOINTMENT OF COMMISSION MEMBERS.**  
6 Notwithstanding AS 44.19.622(a), enacted by sec. 3 of this Act, the terms of persons initially  
7 appointed to the Alaska Health Commission under AS 44.19.622 must be set as provided in  
8 AS 39.05.055 so as to establish the staggering of terms required by AS 44.19.622.

9 (b) **REAPPOINTMENT OF INITIAL APPOINTEES.** Notwithstanding  
10 AS 44.19.622(b), enacted by sec. 3 of this Act, a person initially appointed to the Alaska  
11 Health Commission under (a) of this section may be reappointed to serve no more than one  
12 six-year term as a member of the Alaska Health Commission.

13 \* **Sec. 22.** Section 19 of this Act takes effect July 1, 1994 only if that section receives the  
14 two-thirds majority vote of each house required by art. IV, sec. 15, Constitution of the State  
15 of Alaska.

16 \* **Sec. 23.** Sections 1 - 18, 20, and 21 of this Act take effect July 1, 1994.