

SENATE BILL NO. 4

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - FIRST SESSION

BY SENATORS ELLIS, Salo, Lincoln

Introduced: 1/11/93
 Referred: HES, L&C, FIN

A BILL

FOR AN ACT ENTITLED

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

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

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

6 CHAPTER 56. HEALTHY START PROGRAM.

7 ARTICLE 1. ALASKA CHILDREN'S HEALTH CORPORATION.

8 Sec. 21.56.010. CREATION OF CORPORATION. The Alaska Children's
 9 Health Corporation is created as a public corporation. The corporation is an
 10 instrumentality of the state within the Department of Administration, but it has a legal
 11 existence independent of and separate from the state.

12 Sec. 21.56.020. PURPOSE OF THE CORPORATION. (a) The corporation's
 13 purpose is to

14 (1) administer the Alaska children's health care plan as described in

1 this chapter;

2 (2) purchase health insurance coverage for children and pregnant
3 women who are eligible for the plan under AS 21.56.110; and

4 (3) manage the Alaska children's health fund created under
5 AS 21.56.200.

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

12 Sec. 21.56.030. BOARD OF DIRECTORS. (a) The corporation is governed
13 by a board of directors consisting of the commissioner of administration, the
14 commissioner of health and social services, and five other members appointed by the
15 governor. The five appointed members must include persons who are experienced in
16 providing health care, managing large funds, providing health insurance, and promoting
17 child welfare. At least one member must be a person who resides in a rural area of
18 the state or is familiar with health care delivery in rural areas of the state.

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

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

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

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

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

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

1 **Sec. 21.56.100. CONTENTS OF PLAN. (a) The Alaska children's health**
2 **care plan consists of the following medical services for children who are eligible under**
3 **AS 21.56.110:**

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

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

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

24 (d) In addition to the premium copayment required under AS 21.56.140, the
25 board may require a copayment for a service, establish deductibles, set duration and
26 usage limits, develop and implement procedures related to utilization review, and
27 establish other reasonable conditions relating to the provision of services under (a) -
28 (c) of this section to limit the cost of the plan's operation and to ensure the efficiency
29 and efficacy of the services provided under the plan.

30 **Sec. 21.56.110. ELIGIBILITY FOR THE PLAN. (a) A child is eligible for**
31 **coverage under AS 21.56.100(a) and (b) if**

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

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

7 (3) the child's household income is below 300 percent of the income
8 level established under AS 47.25.310 - 47.25.420 for eligibility for aid to families with
9 dependent children;

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

12 (5) a portion of the premium for plan coverage is paid on behalf of the
13 child, as determined by the board under AS 21.56.140.

14 (b) A pregnant woman is eligible for coverage under AS 21.56.100(c) if

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

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

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

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

24 (5) a portion of the premium for plan coverage is paid on behalf of the
25 woman, as determined by the board under AS 21.56.140.

26 Sec. 21.56.120. APPLICATION PROCESS. (a) A pregnant woman or the
27 parent or guardian of a child may request an application packet for plan coverage by
28 notifying the board directly or by completing the relevant section of the woman's or
29 child's permanent fund dividend application form as provided under AS 43.23.017.

30 (b) Upon direct notification by an interested person or upon notification from
31 the Department of Revenue of the name and mailing address of a person who has

1 requested an application packet for the plan under (a) of this section, the board shall
2 send an application packet to the person requesting it.

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

4 (1) a description of the health care coverage available under the plan;
5 (2) a copy of the sliding fee schedule used by the board to determine
6 the premium copayment responsibility and a description of deductibles and copayment
7 requirements the board has established under AS 21.56.100(d);

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

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

11 (d) Within 30 days after receiving a completed application for plan coverage,
12 the board shall either notify the applicant about whether the plan coverage is approved
13 or request additional information necessary to determine the eligibility. If the board
14 determines that a pregnant woman or a child is eligible for the plan, the notification
15 of eligibility sent under this subsection must include a determination of amount of the
16 premium copayment required under AS 21.56.140.

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

19 Sec. 21.56.130. ADMINISTRATION OF PLAN. (a) The board shall
20 administer the Alaska children's health care plan by

21 (1) soliciting and accepting funds from private sources for deposit into
22 the children's health fund created under AS 21.56.200; the board may also accept
23 donations of services, supplies, personnel, and other in-kind donations;

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

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

29 (4) evaluating applications for plan coverage and determining eligibility
30 for plan coverage;

31 (5) determining the premium copayment that is required under

1 AS 21.56.140.

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

4 Sec. 21.56.140. COPAYMENTS OF PREMIUMS. (a) Coverage under the
5 plan is contingent upon copayment of part of the insurance premium, as determined
6 by the board. The board shall adopt a sliding scale for copayments that takes into
7 account the income and resources of the eligible person's household. The board shall
8 determine whether two copayments are required when eligible children are in a
9 household that includes a woman who is eligible because of pregnancy.

10 (b) The board, in cooperation with the Department of Revenue, shall adopt
11 regulations under which a pregnant woman or a parent or guardian may request that
12 a permanent fund dividend to which the woman or child is entitled be reduced by the
13 Department of Revenue to provide the premium copayment for the women's or child's
14 plan coverage.

15 (c) The board shall deposit copayments received under this section into the
16 general fund. The department of administration shall separately account for premium
17 copayments deposited into the general account by the board. The estimated annual
18 balance in the account may be used by the legislature to make appropriations to the
19 fund established under AS 21.56.200.

20 Sec. 21.56.150. CONFIDENTIALITY OF RECORDS. (a) Information
21 received by the board in an application for plan coverage is confidential and is not
22 subject to public inspection and copying under AS 09.25.110 - 09.25.120.

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

25 ARTICLE 3. ALASKA CHILDREN'S HEALTH FUND.

26 Sec. 21.56.200. CREATION OF FUND. The Alaska children's health fund
27 is created in the corporation. It consists of money donated to the corporation from
28 private sources and appropriations made to the fund.

29 Sec. 21.56.210. USE OF THE FUND. The board may use money in the fund

30 (1) to pay insurance premiums for the Alaska children's health care
31 plan; and

1 (2) for the board's expenses incurred in administration of the plan and
2 the fund.

3 **ARTICLE 4. GENERAL PROVISIONS.**

4 **Sec. 21.56.290. DEFINITIONS.** In this chapter,

5 (1) "board" means the board of directors of the Alaska Children's
6 Health Corporation established under AS 21.56.010;

7 (2) "corporation" means the Alaska Children's Health Corporation
8 established under AS 21.56.010;

9 (3) "fund" means the Alaska children's health fund established under
10 AS 21.56.200;

11 (4) "plan" means the Alaska children's health care plan described under
12 AS 21.56.100.

13 **Sec. 21.56.299. SHORT TITLE.** This chapter may be cited as the Healthy
14 Start Program.

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

16 (30) the executive director and other employees of the Alaska
17 Children's Health Corporation (AS 21.56).

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

19 **Sec. 39.30.092. BIDDER REQUIREMENT.** An insurer may not submit a bid
20 under AS 39.30.090 for a type of medical care coverage that is included in the Alaska
21 children's health care plan under AS 21.56 unless the insurer also submits a bid to the
22 Alaska Children's Health Corporation to cover that type of medical care under
23 AS 21.56.

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

25 **Sec. 43.23.017. ALASKA CHILDREN'S HEALTH PLAN.** (a) The
26 department shall include on the permanent fund dividend application form a question
27 requesting whether the applicant wishes to

28 (1) apply for coverage of a child or pregnant woman under the Alaska
29 children's health care plan established under AS 21.56;

30 (2) pay for the coverage under AS 21.56 by deduction from the
31 permanent fund dividend.

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

6 **(c) The department, in cooperation with the Alaska Children's Health**
7 **Corporation, shall adopt regulations governing how it will honor a request that a**
8 **permanent fund dividend be reduced by the department to provide the premium**
9 **copayment for coverage under the Alaska children's health care plan.**

10 * **Sec. 5. TRANSITIONAL PROVISION.** Notwithstanding AS 21.56.030(b), enacted by
11 sec. 1 of this Act, the governor shall set the terms of the first five appointed members of the
12 board of directors of the Alaska Children's Health Corporation so that one of the appointed
13 members serves a two-year term, two members serve three-year terms, and two members serve
14 four-year terms.

15 * **Sec. 6. EVALUATION OF COST OPTIONS.** The board of directors of the Alaska
16 Children's Health Corporation established under this Act shall, after appropriate consultation
17 with interested persons, prepare an estimate of the fiscal costs to the state and to eligible
18 persons of purchasing insurance to cover the services described in AS 21.56.100, enacted by
19 sec. 1 of this Act. The estimate must present at least two alternative funding levels and
20 include an explanation of the scope of services proposed by the board for each funding level.
21 The board shall submit the estimate and explanation to the governor and the legislature by
22 March 1, 1993.

23 * **Sec. 7.** AS 21.56.010 - 21.56.030, 21.56.130(a)(1), and 21.56.200 - 21.56.299, enacted
24 by sec. 1 of this Act, and secs. 2, 5, and 6 of this Act take effect immediately under
25 AS 01.10.070(c).

26 * **Sec. 8.** Except as provided in sec. 7 of this Act, this Act takes effect July 1, 1994.