

## SENATE BILL NO. 205

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE BY REQUEST

Introduced: 4/24/93  
Referred: HES, JUD, FIN

## A BILL

## FOR AN ACT ENTITLED

1 "An Act relating to health care benefits, to health care providers, and to the  
2 Alaska Health Insurance Corporation; relating to hospitals; relating to certain  
3 insurers; relating to duties of the Department of Health and Social Services that  
4 are related to health care; and providing for an effective date."

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

6 \* Section 1. SHORT TITLE. This Act may be cited as the Comprehensive Health  
7 Insurance and Payment Reform Act of 1993.

8 \* Sec. 2. FINDINGS AND PURPOSE. (a) The legislature finds that

9 (1) health care services and health insurance in the state are becoming  
10 prohibitively costly, and a growing number of our citizens are unable to obtain health  
11 insurance or pay for needed care;

12 (2) the universe of reasons for increasing health care costs is complex and  
13 includes the following: spiraling technology, aging of the population, increasing dereliction  
14 of personal responsibility for health status, lack of incentives to obtain preventive care, costs

1 of defensive medicine, the use of experience rating for writing health insurance policies with  
2 a concomitant rise in the exclusion of preexisting conditions from coverage, and cost shifting  
3 as a result of this practice; provision of unnecessary services and procedures for whatever  
4 reasons, a multiplicity of utilization review standards, a multiplicity of claims forms and  
5 claims processing requirements of different insurance companies, delays in obtaining payment  
6 for insurance companies, and the absence of market incentives for cost containment;

7 (3) primary responsibility for controlling health care costs in the state should  
8 be borne by Alaska health care providers, particularly physicians, on whose orders and  
9 recommendations the overwhelming majority of health care expenditures are incurred; at  
10 present, federal and state antitrust laws effectively preclude health care providers from  
11 engaging in voluntary self-regulation regarding fees and volume of services; this Act mandates  
12 the participation by health care providers in the process of cost control and volume control  
13 to assure that health care expenditures do not increase faster than the general inflation rate,  
14 unless there is specific, verifiable justification based on clearly defined standards;

15 (4) in order to increase access to health care, by containing the rate of increase  
16 of health care expenditures and by making basic health insurance available to the people in  
17 the state, it is essential that the factors contributing to the increasing costs of health care and  
18 the unavailability of health insurance be addressed comprehensively and consistently; this Act  
19 constitutes a comprehensive approach to the accomplishment of the purpose of this Act, and  
20 all matters addressed in this Act are related to and essential to the achievement of the purpose  
21 of this Act.

22 (b) The purpose of this Act is to increase access to health care by containing the rate  
23 of increase of health care expenditures and by making basic health insurance available to the  
24 people in the state. The creation of the Alaska Health Insurance Corporation is essential to  
25 the achievement of this purpose through the establishment of a state health insurance program,  
26 the regulation of increases in health insurance rates, the regulation of increases in charges of  
27 health care providers, the establishment of utilization review guidelines, and the establishment  
28 of procedures assuring efficient and prompt processing and payment of insurance claims.

29 \* Sec. 3. AS 08.64 is amended by adding a new section to article 3 read:

30 Sec. 08.64.363. **COMPLIANCE WITH REQUIREMENTS OF STATE**  
31 **HEALTH INSURANCE CORPORATION.** A physician shall comply with the

1 provisions of AS 21.56 that are applicable to physicians including regulations adopted  
2 by the Alaska Health Insurance Corporation.

3 \* Sec. 4. AS 18.20 is amended by adding a new section to read:

4 Sec. 18.20.078. COMPLIANCE WITH REQUIREMENTS OF STATE  
5 HEALTH INSURANCE CORPORATION. A hospital shall implement the utilization  
6 review guidelines established by the Alaska Health Insurance Corporation under  
7 AS 21.56.110 and comply with other provisions of AS 21.56.

8 \* Sec. 5. AS 21.39.020 is amended to read:

9 Sec. 21.39.020. APPLICABILITY. (a) This chapter applies to disability  
10 insurance and to all forms of casualty insurance, including fidelity, surety, and  
11 guaranty bonds, to all forms of fire, marine, and inland marine insurance, and to a  
12 combination of any of them, or risks or operations in this state. Inland marine  
13 insurance includes insurance defined by statute, or by interpretation of statute, or if not  
14 defined or interpreted, by ruling of the director, or as established by general custom  
15 of the business, as inland marine insurance.

16 (b) This chapter does not apply to

17 (1) reinsurance, other than joint reinsurance to the extent stated in  
18 AS 21.39.110;

19 (2) [DISABILITY INSURANCE;

20 (3)] insurance of vessels or craft, their cargoes, marine builders' risks,  
21 marine protection and indemnity, or other risks commonly insured under marine, as  
22 distinguished from inland marine insurance policies;

23 (3) [(4)] insurance against loss of or damage to aircraft or against  
24 liability, other than workers' compensation and employer's liability, arising out of the  
25 ownership, maintenance, or use of aircraft; or, to insurance of hulls of aircraft,  
26 including their accessories and equipment.

27 \* Sec. 6. AS 21.39.030(a) is amended to read:

28 (a) Rates shall be made in accordance with the following provisions:

29 (1) rates may [SHALL] not be excessive, inadequate, or unfairly  
30 discriminatory;

31 (2) consideration shall be given to past and prospective loss experience

1 inside and outside this state, to the conflagration and catastrophe hazards, to a  
2 reasonable margin for underwriting profit and contingencies, to dividends, savings, or  
3 unabsorbed premium deposits allowed or returned by insurers to their policyholders,  
4 members, or subscribers, to past and prospective expenses both countrywide and those  
5 specially applicable to this state, and to all other relevant factors inside and outside this  
6 state;

7 (3) the systems of expense provisions included in the rates for use by  
8 an insurer or group of insurers may differ from those of other insurers or group of  
9 insurers to reflect the requirements of the operating methods of the insurer or group  
10 of insurers with respect to any kind of insurance, or with respect to a subdivision or  
11 combination of them [THEREOF] for which subdivision or combination separate  
12 expense provisions are applicable;

13 (4) risks may be grouped by classifications for the establishment of  
14 rates and minimum premiums; classification rates may be modified to produce rates  
15 for individual risks in accordance with rating plans that establish standards for  
16 measuring variations in hazards or expense provisions, or both; the standards may  
17 measure any differences among risks that can be demonstrated to have a probable  
18 effect upon losses or expenses;

19 (5) in the case of fire insurance rates, consideration may be given to  
20 the experience of the fire insurance business during a period of not more than the most  
21 recent five-year period for which experience is available;

22 (6) when there is an established program to inspect new and existing  
23 dwellings and the program has been certified by the director as likely to reduce the  
24 incidence of fires in inspected dwellings, then in any rate plan used in this state,  
25 dwellings that have been found by the inspection to meet the standards established by  
26 the program shall have credits applied to the rate in amounts approved by the director;

27 (7) in the case of disability insurance rates,

28 (A) rates shall be made on a statewide basis; rates may vary  
29 depending on age, sex, family status, and other generic risk factors as may  
30 be established under regulations of the Alaska Health Insurance  
31 Corporation under AS 21.56.110;

1 (B) in addition to other relevant factors in determining  
2 whether a proposed rate should be approved, the director shall consider  
3 changes in the amount of utilization of covered services, changes in the  
4 intensity of covered services provided, changes in medical technology or  
5 health care delivery that may affect the cost of providing health care, and  
6 changes in provider charges that have been approved under AS 21.56.350.

7 \* Sec. 7. AS 21.39 is amended by adding a new section to read:

8 Sec. 21.39.035. PROHIBITED DISABILITY INSURANCE RATE  
9 INCREASE. (a) Notwithstanding any other provisions of this chapter, a disability  
10 insurance rate filing that would increase the rate by a percentage greater than the  
11 percentage increase in the Consumer Price Index for the previous year may not be  
12 approved by the director unless the director makes a written finding that the rate  
13 increase is justified under the requirements of AS 21.39.030. Before authorizing a rate  
14 increase in excess of percentage increase in the Consumer Price Index, the director  
15 shall solicit and consider comments from the Alaska Health Insurance Corporation.

16 (b) In this section, "Consumer Price Index" means the Consumer Price Index  
17 for all urban consumers for the Anchorage Metropolitan Area, compiled by the Bureau  
18 of Labor Statistics, United States Department of Labor.

19 \* Sec. 8. AS 21.51 is amended by adding a new section to read:

20 Sec. 21.51.015. CLAIMS PROCESSING REQUIREMENT. A policy subject  
21 to this chapter is also subject to the requirements in AS 21.54.015 and 21.54.025.

22 \* Sec. 9. AS 21.54 is amended by adding a new section to read:

23 Sec. 21.54.015. REQUIRED UNIFORM BENEFITS POLICY. An insurer that  
24 is authorized to transact disability insurance in the state, in addition to any other form  
25 of insurance that it may offer, shall offer coverage under a uniform benefits policy as  
26 required under AS 21.56.

27 \* Sec. 10. AS 21.54 is amended by adding a new section to read:

28 Sec. 21.54.025. CLAIMS PROCESSING AND UTILIZATION REVIEW  
29 REQUIREMENTS. (a) An insurer authorized to transact disability insurance in the  
30 state shall

31 (1) use the claims clearinghouse designated by the Alaska Health

1 Insurance Corporation under AS 21.56.260 for the processing of claims submitted for  
2 health care services rendered in the state;

3 (2) require that all claims be submitted using the methods of  
4 submission and the formats specified by the Alaska Health Insurance Corporation  
5 under AS 21.56.260;

6 (3) pay each claim within 15 business days after a claim is received by  
7 the claims clearinghouse designated by the Alaska Health Insurance Corporation under  
8 AS 21.56.260 or, within that same time period, shall give the provider notice that the  
9 claim is denied;

10 (4) adopt a claims grievance procedure and submit the procedure for  
11 approval to the Alaska Health Insurance Corporation under AS 21.56.110; after the  
12 procedure has been approved, the insurer shall follow the procedure; and

13 (5) use the utilization review guidelines that are adopted by the Alaska  
14 Health Insurance Corporation under AS 21.56.110, and accept the utilization review  
15 determinations of a hospital, in accordance with the corporation's guidelines.

16 (b) If a claim form is fully completed and an insurer fails to pay a claim or  
17 give notice that the claim is denied within the time specified in (a) of this section, the  
18 insurer shall pay interest at the rate specified under AS 45.45.010, from the 16th  
19 business day after the claim was received until paid, on the amount finally determined  
20 to be due.

21 (c) If an insurer denies a claim, the notice that the claim is denied must  
22 include a statement of the reason for the denial. The statement must be sufficiently  
23 clear to allow the provider to understand the reason for the denial and to take  
24 corrective action, including resubmission of the claim, if appropriate.

25 (d) An insurer may deny a claim against a group or blanket disability  
26 insurance policy only for a reason that has been specified as an acceptable reason for  
27 denial in regulations of the Alaska Health Insurance Corporation under AS 21.56.110.

28 (e) An insurer providing disability insurance is not required to pay for health  
29 care services or supplies covered under a disability policy that

30 (1) were provided in violation of the utilization review guidelines  
31 adopted by the Alaska Health Insurance Corporation under AS 21.56.110; or

1                                   (2) exceed a mandatory expenditure limit adopted by the Alaska Health  
2 Insurance Corporation under AS 21.56.350; an insurer shall receive a refund of an  
3 amount paid in violation of this paragraph, but may not seek a refund from the insured.

4 \* Sec. 11. AS 21 is amended by adding a new chapter to read:

5                                   CHAPTER 56. STATE HEALTH INSURANCE.

6                                   ARTICLE 1. ALASKA HEALTH INSURANCE CORPORATION.

7                                   Sec. 21.56.010. CREATION AND PURPOSE. (a) The Alaska Health  
8 Insurance Corporation is established. The corporation is a public corporation and an  
9 instrumentality of the state in the Department of Commerce and Economic  
10 Development but has a legal existence independent of and separate from the state. The  
11 exercise by the corporation of the powers conferred by this chapter is considered an  
12 essential function of the state.

13                                   (b) The purpose of the corporation is to establish and maintain a program for  
14 providing uniform health insurance coverage for eligible residents of the state and  
15 employees in the state on a basis calculated to contain or reduce both the costs of the  
16 program and the costs of obtaining health care in general in the state.

17                                   Sec. 21.56.020. BOARD OF DIRECTORS. (a) The corporation is governed  
18 by a board of seven directors. The directors are

19                                   (1) the commissioner of commerce and economic development or the  
20 designee of the commissioner;

21                                   (2) a person who, at the time of appointment, is an employee of a city,  
22 borough, unified municipality, or school district and who is recommended by the  
23 Alaska Municipal League;

24                                   (3) a person representing an insurance company that is licensed to  
25 transact disability insurance in the state and who is recommended by the  
26 Comprehensive Health Insurance Association created under AS 21.55.010;

27                                   (4) the chief executive officer of a hospital or nursing home that is  
28 licensed by the state but not owned or operated by the state or federal government and  
29 who is recommended by the Alaska State Hospital and Nursing Home Association;

30                                   (5) a physician licensed to practice medicine in the state who is not  
31 employed by the state or a political subdivision of the state and who is recommended

1 by the Alaska State Medical Association;

2 (6) a person who is actively engaged in private business in the state  
3 who is recommended by the Alaska State Chamber of Commerce; and

4 (7) a person representing consumers of health services who does not  
5 have a direct or indirect interest in an entity that provides health care services and who  
6 has recognized competence and experience in health insurance, health care, or  
7 employee benefits.

8 (b) An organization described in (a) of this section may submit a list of three  
9 recommended directors to the governor.

10 Sec. 21.56.030. APPOINTMENT AND REMOVAL OF DIRECTORS. The  
11 directors of the corporation, including the designee, if any, of a director under  
12 AS 21.56.020(1), are appointed by the governor and serve at the pleasure of the  
13 governor. A director may be removed only for good cause.

14 Sec. 21.56.040. TERM OF SERVICE. The term of a director is three years.  
15 Terms of directors shall be staggered. A director may not be appointed to more than  
16 two successive terms. A director appointed to fill a vacancy serves for the unexpired  
17 term of the director. A term shall be measured from January 1 of the year in which  
18 the term of the vacant position begins, regardless of when the vacancy is filled. This  
19 section does not apply to a director appointed under AS 21.56.020(a)(1).

20 Sec. 21.56.050. COMPENSATION AND EXPENSES. (a) A director  
21 appointed under AS 21.56.020(2) - (7) shall receive compensation at a rate of \$400 for  
22 each day the member is engaged in the actual performance of duties as a member of  
23 the board. The corporation may provide by regulation for compensation for partial  
24 days during which a member is engaged in actual performance of duties as a member  
25 of the board.

26 (b) In addition to compensation under (a) of this section, a director is entitled  
27 to travel and per diem expenses authorized by law for boards and commissions under  
28 AS 39.20.180.

29 Sec. 21.56.060. OFFICERS. At the first meeting of each year, the board of  
30 the corporation shall elect a chair and a vice-chair from among its members. The  
31 corporation shall prescribe their duties by regulation.

1           **Sec. 21.56.070. MEETINGS AND QUORUM.** The board of the corporation  
2 shall meet at least once every three months. Four members of the board constitute a  
3 quorum for the transaction of business and the exercise of the powers and duties of the  
4 corporation.

5           **Sec. 21.56.080. ADMINISTRATIVE PROCEDURE.** (a) Actions of the  
6 corporation under this chapter are subject to AS 44.62 (Administrative Procedure Act)  
7 except as provided in (b) of this section and in AS 21.56.310(c).

8           (b) The corporation shall issue a decision within 30 days after the submission  
9 to the corporation of the proposed decision of a hearing officer under AS 44.62.500.  
10 The decision of the corporation, except a decision to refer the case to a hearing officer  
11 under AS 44.62.500(c), is a final administrative order under AS 44.62.560.

12           **Sec. 21.56.090. EMPLOYMENT OF PERSONNEL.** The corporation shall  
13 employ and determine the salary of an executive director who is responsible for the  
14 day-to-day operations of the corporation and who serves at the pleasure of the board.  
15 With the approval of the board, the executive director may select and employ  
16 additional staff. The executive director and other employees are in the exempt service  
17 under AS 39.25.

18           **Sec. 21.56.100. GENERAL POWERS.** The corporation may  
19           (1) make contracts and execute all instruments necessary or convenient  
20 for carrying out its business;  
21           (2) acquire, own, hold, dispose of, and encumber personal property and  
22 lease real property in the exercise of its powers;  
23           (3) enter into agreements or transactions with a federal, state, or  
24 municipal agent, or other public institution, or with a private individual, partnership,  
25 firm, corporation, association, or other entity;  
26           (4) perform all other acts necessary and proper to carry out the duties  
27 of the corporation.

28           **Sec. 21.56.110. DUTIES.** The corporation shall  
29           (1) adopt regulations to implement this chapter;  
30           (2) annually develop a target state health care expenditure budget;  
31           (3) implement a program to monitor and control expenditures in the

- 1 state for health care in compliance with this chapter;
- 2 (4) implement a state health insurance program in compliance with this  
3 chapter;
- 4 (5) develop a schedule of uniform health care services that enrollees  
5 in the state health insurance program are entitled to receive;
- 6 (6) at least annually, review the schedule of uniform health care  
7 services developed under (5) of this section and revise it as determined by the  
8 corporation, taking into consideration the health care needs of the state, available  
9 funding, and other relevant factors as determined by the corporation;
- 10 (7) adopt a uniform claims form;
- 11 (8) designate a claims clearinghouse located in the state to perform the  
12 functions specified in AS 21.56.260;
- 13 (9) with funds from the state health insurance program fund, procure  
14 insurance coverage under the uniform benefits policy from one or more companies  
15 licensed to transact health insurance in the state for all persons who are eligible to be  
16 enrollees of the state health insurance program;
- 17 (10) contract with health care providers to perform cost control by peer  
18 review and reduction of health care payments when target budget segments under  
19 AS 21.56.350 are exceeded;
- 20 (11) establish for each fiscal year a standard fee and a sliding scale fee  
21 schedule specifying the fee that must be paid by or on behalf of each enrollee, taking  
22 into consideration the corporation's cost of procuring insurance, the funds available  
23 from the state health insurance program fund, the income, assets, and financial  
24 obligations of the enrollee, and other relevant factors as determined by the corporation;
- 25 (12) establish and publish, at least annually, comprehensive comparative  
26 lists of charges for commonly provided health care services as described in  
27 AS 21.56.290;
- 28 (13) establish uniform utilization review guidelines for hospitals;
- 29 (14) define acceptable reasons for the denial of claims under the  
30 uniform benefits policy;
- 31 (15) establish generic risk factors that may be the basis for health

1 insurance premium rates in the state;  
2 (16) monitor the utilization review activities of hospitals under  
3 AS 18.20.077 to ensure compliance with the corporation's uniform utilization review  
4 guidelines;

5 (17) review proposed grievance procedures that are submitted by health  
6 insurance companies under AS 21.54.025 and approve the procedures if they comply  
7 with criteria established by the corporation;

8 (18) monitor and enforce compliance by employers with  
9 AS 23.10.600 - 23.10.620, under regulations adopted by the corporation;

10 (19) conduct studies concerning the status of health care in the state,  
11 with an emphasis on monitoring and assuring appropriate patient outcomes, and  
12 concerning the effect on consumers and businesses of programs established under this  
13 chapter; publish the results of studies at least biennially.

14 Sec. 21.56.120. HEALTH INSURANCE FUND. The state health insurance  
15 program fund is established as a separate account in the general fund. the fund shall  
16 be administered by the corporation and used to purchase insurance under AS 21.56.110  
17 and 21.56.130. The fund consists of fees paid by or on behalf of enrollees, penalties  
18 paid by employers under AS 23.10.610, contributions of permanent fund dividends  
19 under AS 43.23.021, appropriations by the legislature, and private or government  
20 grants.

21 Sec. 21.56.130. PROCUREMENT OF INSURANCE. (a) In the procurement  
22 of insurance required under AS 21.56.110, the corporation shall

23 (1) at least annually, solicit proposals from insurance companies that  
24 are licensed to transact health insurance in the state and, periodically, contract with one  
25 or more selected companies, under the procurement procedures adopted by the  
26 corporation under AS 36.30.015(e);

27 (2) select one or more companies with which it will contract to procure  
28 insurance, on the basis of the cost of the insurance, the availability from the company  
29 of program features directed at reducing the cost of providing health care services, and  
30 other relevant factors as determined by the corporation.

31 (b) The corporation may contract for insurance coverage for enrollees for a

1 term that it considers to be the most advantageous to the corporation and its enrollees,  
2 for a period not exceeding three years.

3 **Sec. 21.56.140. GOVERNMENT EMPLOYEE ENROLLEES.** (a) A  
4 government employee is eligible to be an enrollee in the state health insurance program  
5 if the government employee is eligible for health insurance as an employment benefit  
6 under the standards adopted by the employee's employer.

7 (b) An employer of a government employee who is eligible to be an enrollee  
8 in the state health insurance program shall, under regulations of the corporation,

9 (1) enroll the employee in the program; and

10 (2) pay to the state health insurance program fund the applicable fee  
11 established by the corporation under AS 21.56.110.

12 (c) An employer of a government employee may agree with the employee or  
13 the employee's bargaining agent to provide additional health insurance benefits and to  
14 provide health insurance on terms more favorable to the employee than the terms of  
15 the uniform benefits policy. If an employer enters into an agreement described in this  
16 subsection, the policy may be revised to reflect the agreement. The employer must  
17 negotiate the amount of an additional premium with the insurance company, and the  
18 employer shall pay the additional premium to the insurance company.

19 (d) The procedures established under AS 21.56.150(e) apply to government  
20 employee enrollees.

21 **Sec. 21.56.150. OTHER ENROLLEES.** (a) A person who is not enrolled  
22 under AS 21.56.140 is eligible to be an enrollee in the state health insurance program  
23 under this chapter in a given year if the person

24 (1) has applied for and is eligible for a permanent fund dividend under  
25 AS 43.23.005 to be paid during that year;

26 (2) has elected to contribute the person's permanent fund dividend to  
27 be paid during that year to the state health insurance program fund by making the  
28 election on the permanent fund dividend application as authorized in AS 43.23.021,  
29 or has paid to the corporation the applicable fee for the first calendar quarter of  
30 coverage, as established by the corporation under AS 21.56.110; and

31 (3) has complied with the procedures established by the corporation

1 under (d) of this section.

2 (b) A person who is eligible to be an enrollee shall be enrolled by the  
3 corporation in the state health insurance program.

4 (c) The corporation shall cancel an enrollee's coverage if, during the fiscal  
5 year, the enrollee becomes ineligible to be an enrollee.

6 (d) The corporation shall establish by regulation appropriate procedures for  
7 processing applications for enrollment, for determining the eligibility of enrollees, for  
8 enrolling enrollees, for determining and collecting the applicable fees, for canceling  
9 an enrollee's coverage, and for processing appeals by enrollees of adverse decisions  
10 by the corporation regarding eligibility, enrollment, determination or collection of  
11 applicable fees, or cancellation of coverage.

12 Sec. 21.56.160. DISCRIMINATION AGAINST ENROLLEES PROHIBITED.

13 A provider of health care services may not discriminate against an enrollee with  
14 respect to the availability, cost, or quality of health care services wholly or in part on  
15 the basis of the person's status as an enrollee.

16 Sec. 21.56.170. CONFIDENTIALITY OF ENROLLEE INFORMATION.

17 Medical and financial information regarding applicants or current or former enrollees  
18 is confidential and is not subject to public disclosure. The corporation by regulation  
19 may establish reasonable standards for the release of limited information in specified  
20 circumstances, including the release of reasonably necessary information to insurance  
21 companies and the release of information with the written authorization of the  
22 applicant or enrollee.

23 Sec. 21.56.180. UNIFORM BENEFITS POLICY. (a) The uniform benefits  
24 policy form adopted by the corporation under AS 21.56.110 must include the required  
25 terms of coverage in this chapter and other terms adopted under regulations of the  
26 corporation.

27 (b) The corporation shall adopt regulations specifying the services required to  
28 be covered by a uniform benefits policy, consistent with the general scope of services  
29 in (c) of this section and with the required exclusions in (d) of this section, and taking  
30 into consideration the cost of providing the services, the cost of procuring the  
31 insurance coverage, the funds available in the state health insurance program fund, and

1 other relevant factors as determined by the corporation.

2 (c) A uniform benefits policy shall cover the following services as specified  
3 by the corporation:

4 (1) health care services;

5 (2) preventive health care services for adults and children, including  
6 prenatal, well-baby, and well-child care; deductibles and copayment amounts may not  
7 apply to services described in this paragraph, subject to reasonable annual limits on  
8 covered preventive services to be established by the corporation;

9 (3) limited periods of inpatient health care services for alcoholism,  
10 chemical dependency, or drug addiction; services described in this paragraph shall be  
11 subject to a copayment rate of not more than 50 percent;

12 (d) A uniform benefits policy may not cover the following:

13 (1) services that are not medically necessary;

14 (2) services that have been determined by the corporation to be  
15 ineffective or of doubtful value for prevention or remediation of disease or injury;

16 (3) experimental treatments or procedures that are not covered by an  
17 approved clinical research protocol;

18 (4) treatment of occupational disease or occupational injury.

19 Sec. 21.56.190. DEDUCTIBLES AND COPAYMENTS. Subject to  
20 AS 21.56.180, the corporation shall establish the deductible and copayment amounts  
21 applicable under a uniform benefits policy. Covered expenses incurred after the  
22 applicable maximum limit has been reached shall be paid at the rate of 100 percent of  
23 the lesser of the maximum rate of payment under AS 21.56.250, as periodically  
24 adjusted, or the usual, customary, reasonable, or prevailing charges, except that  
25 expenses incurred for specified limited periods of inpatient health care services for  
26 alcoholism, chemical dependency, or drug addiction shall be paid at a rate of not less  
27 than 50 percent of the lesser of the maximum rate of payment under AS 21.56.250, as  
28 periodically adjusted, or the usual, customary, reasonable, or prevailing charges.

29 Sec. 21.56.200. PREEXISTING CONDITIONS. Preexisting conditions shall  
30 be covered by a uniform benefits policy upon the terms and conditions established by  
31 the corporation by regulation.

1           **Sec. 21.56.210. EFFECTIVE DATE OF POLICIES.** (a) Except as provided  
2 in (b) of this section and subject to different policy terms that may be adopted under  
3 AS 21.56.140(c), insurance provided under the state health insurance program is  
4 effective immediately upon receipt by the corporation of the first quarterly fee and is  
5 retroactive to the date of the application if the applicant otherwise complies with the  
6 requirements of this chapter.

7           (b) Insurance provided under the state health insurance plan is effective  
8 retroactively to the date that the person's previous contract or policy terminated if the  
9 person

10                   (1) applies for coverage under the state health insurance program within  
11 60 days after the previous contract or policy terminated;

12                   (2) is accepted by the corporation; and

13                   (3) pays the required fee for the period of retroactive coverage.

14           **Sec. 21.56.220. LIFETIME LIMIT FOR ENROLLEES OF STATE HEALTH**  
15 **INSURANCE PROGRAM.** The minimum standard benefits of a uniform benefits  
16 policy for enrollees in the state health insurance program shall be limited by a lifetime  
17 maximum of \$1,000,000 per individual for usual, customary, reasonable, or prevailing  
18 charges or, when applicable, the allowance agreed upon between a provider and the  
19 writing carrier for charges for covered medical services performed for an individual  
20 covered by the plan.

21           **Sec. 21.56.230. SOLICITATION OF ELIGIBLE PERSONS.** (a) The  
22 corporation, under a plan approved by the director, shall disseminate appropriate  
23 information to the residents of the state regarding the existence of the state health  
24 insurance program and the means of enrollment.

25           (b) The corporation shall devise and implement a means of maintaining public  
26 awareness of the provisions of this chapter regarding the state health insurance  
27 program and shall administer this chapter in a manner that facilitates public  
28 participation in the state health insurance program.

29           **Sec. 21.56.240. PROHIBITION OF INTENTIONAL SHIFTING OF**  
30 **COVERAGE TO STATE HEALTH INSURANCE PROGRAM.** (a) A person may  
31 not terminate a health care plan or terminate participation in a health care plan by a

1 participating person or refuse to enroll additional participants in a health care plan for  
2 the purpose of shifting coverage to the state health insurance program.

3 (b) The director shall seek a waiver of federal legal requirements that may be  
4 necessary to enforce the prohibition in (a) of this section.

5 (c) The prohibition in (a) of this section does not apply until the director has  
6 obtained any necessary federal waivers and has given public notice of that fact or has  
7 given public notice that a federal waiver is not necessary.

8 Sec. 21.56.250. MANDATORY DISCOUNT ON HEALTH CARE  
9 SERVICES. (a) A health care provider that provides health care services in the state  
10 at a price that is not already discounted is entitled to receive payment for those  
11 services at the following percentages of the provider's charges for comparable services  
12 to the state Medicaid program under AS 47.07 in fiscal year 1992, as adjusted under  
13 (c) and (d) of this section, subject to applicable deductibles and copayments:

14 (1) 95 percent for hospitals and nursing facilities; and

15 (2) for physicians and other individual health care providers, varying  
16 percentages depending on location and type of service, determined by the corporation,  
17 amounting in the aggregate to 95 percent.

18 (b) The maximum rate of payment applicable to a health care provider that did  
19 not participate in the state Medicaid program in 1992 is 95 percent of the median  
20 charge in 1992 for each service by similar health care providers in the same  
21 geographic area, as adjusted under (c) and (d) of this section, subject to applicable  
22 deductibles and copayments.

23 (c) The maximum rate of payment established in (a) and (b) of this section  
24 shall be adjusted annually to reflect the change in the Consumer Price Index after  
25 1992, under regulations established by the corporation. The corporation may make  
26 other adjustments in the maximum rate of payment based on the factors specified in  
27 AS 21.56.310(b) and other criteria that may be established by the corporation by  
28 regulation.

29 (d) A provider of health care services is not entitled to payment from any  
30 source for any portion of the provider's charge for a health care service rendered to  
31 a person that exceeds the amount the provider is entitled to be paid under this section,

1 subject to different policy terms that may be adopted under AS 21.56.140(c).

2 (e) The corporation shall by regulation specify limited exceptional  
3 circumstances in which payment may be made under the insurance procured by the  
4 corporation for covered services rendered to enrollees outside the state.

5 (f) In this section, "charges to the state medicaid program" means the amount  
6 charged by the health care provider and does not mean the amount paid by the  
7 Medicaid program.

8 Sec. 21.56.260. CLAIMS CLEARINGHOUSE. (a) A provider of health care  
9 services shall submit all claims for payment under a health insurance policy to the  
10 claims clearinghouse. The corporation may, by regulation, require providers to submit  
11 specified additional information pertaining to the cost of providing health care services  
12 in the state to the claims clearinghouse.

13 (b) Claims and other required information must be submitted to the claims  
14 clearinghouse electronically and in uniform formats to be established by the  
15 corporation by regulation.

16 (c) The claims clearinghouse shall process all claims expeditiously so that they  
17 may be paid or denied within 15 business days after receipt as required by  
18 AS 21.54.025.

19 (d) From the information submitted to the claims clearinghouse, the claims  
20 clearinghouse shall abstract data pertaining to health care services in the state and  
21 submit the data periodically to the corporation and to the cost control contractor under  
22 AS 21.56.110, under regulations adopted by the corporation.

23 (e) The claims clearinghouse's costs of operation in fulfilling the functions  
24 required by this section shall be paid by the companies authorized to transact health  
25 insurance in the state.

26 Sec. 21.56.270. SINGLE FEE SCHEDULE. (a) Except as provided in (b) of  
27 this section, hospitals and physicians shall maintain a single fee schedule for their  
28 services and supplies, and all services and supplies shall be charged as required by the  
29 schedule.

30 (b) Hospitals and physicians may depart from the fee schedule specified under  
31 (a) of this section, if

1 (1) they have entered into a preferred provider arrangement that  
2 provides for a different schedule;

3 (2) they have negotiated a discount with an entity, that is not an  
4 individual or a family, that is purchasing or contracting for health care services for a  
5 group; or

6 (3) different fees are required by law.

7 (c) Subject to the requirements of AS 21.56.300 and 21.56.310, hospitals and  
8 physicians may increase a fee not more than once in a calendar year.

9 Sec. 21.56.280. **REQUIRED AVAILABILITY OF SAMPLE FEE**  
10 **SCHEDULE.** Hospitals and physicians shall make a sample fee schedule consisting  
11 of at least 80 percent of the most frequent charges available for review during normal  
12 business hours at the hospital or the physician's office. The sample fee schedule shall  
13 be made available either by posting the fee schedule in a conspicuous public area in  
14 the hospital or the physician's office or by similarly posting a notice that the fee  
15 schedule is available for review upon request.

16 Sec. 21.56.290. **INFORMATION ON CHARGES FOR HEALTH CARE**  
17 **SERVICES.** At least annually, a hospital and a physician shall submit to the  
18 corporation copies of their current fee schedules and all fee schedules that have been  
19 in effect during the past year. The corporation shall specify by regulation the methods  
20 and formats for submitting the fee schedules. The corporation shall make the fee  
21 schedules available to the public upon request.

22 Sec. 21.56.300. **LIMITATION ON INCREASES IN CHARGES FOR**  
23 **HEALTH CARE SERVICES.** (a) Except as provided under (b) of this section, a  
24 hospital or a physician may not increase a charge for a health care service if the  
25 percentage increase is greater than the percentage increase in the Consumer Price Index  
26 for the previous calendar year.

27 (b) The charge limitation imposed under (a) of this section does not apply to  
28 an increase in a charge that is approved by the corporation under AS 21.56.310.

29 Sec. 21.56.310. **APPROVAL OF CHARGE INCREASES.** (a) If a hospital  
30 or a physician wishes to increase a charge in excess of the increase authorized under  
31 AS 21.56.300, the hospital or physician shall submit the proposed increase to the

1 corporation, and the corporation shall review the proposed increase. If the corporation  
2 determines that the increase is not excessive, the corporation shall approve the  
3 increase.

4 (b) In determining whether a proposed increase is excessive, the corporation  
5 shall consider the following factors:

6 (1) changes in medical technology or health care delivery that may  
7 affect the cost of health care;

8 (2) changes in the availability of adequate health care services;

9 (3) changes in the cost of professional liability insurance for health care  
10 providers;

11 (4) changes in the amounts of awards, by judgment or settlement,  
12 against a health care provider as the result of a professional liability claim;

13 (5) other factors affecting the cost of health care, as determined by the  
14 corporation, including epidemics, disasters, and other unforeseen burdens of disease.

15 (c) The corporation shall establish by regulation procedures and may establish  
16 additional criteria for the prompt and efficient review of proposed charge increases.  
17 The procedures required under this subsection must require that a determination on a  
18 proposed charge increase be made on the basis of written verified information  
19 submitted by the provider, that the provider have an opportunity to review additional  
20 information that may be considered by the corporation and to respond in writing to that  
21 information, and that a determination be made within 90 days after the submission of  
22 a proposed charge increase. The determination of the corporation is a final  
23 administrative order under AS 44.62.560.

24 Sec. 21.56.320. APPLICATION TO OTHER HEALTH CARE PROVIDERS.  
25 The corporation may specify by regulation other providers of health care services that  
26 shall be subject to the requirements of AS 21.56.270 - 21.56.310.

27 Sec. 21.56.330. COMPARATIVE LISTS OF CHARGES. (a) At least  
28 annually, the corporation shall compile comparative lists of charges for commonly  
29 provided health care services based on abstracted data provided to the corporation by  
30 the claims clearinghouse under AS 21.56.260, on the fee schedules submitted to the  
31 corporation under AS 21.56.290, and on other relevant information as determined by

1 the corporation.

2 (b) The lists required under this section shall be prepared to allow  
3 identification and comparison of charges made by individual providers for the listed  
4 services. Hospital services may be compared on the basis of diagnosis related groups.

5 Sec. 21.56.340. HEALTH CARE EXPENDITURE DATA SYSTEM. (a) The  
6 corporation shall develop and periodically update a data system that indicates the total  
7 amount expended in the state for health care. To the extent practicable, the data  
8 system base year for health care expenditures shall be calendar year 1992 and must  
9 contain a separate expenditure breakdown for

- 10 (1) hospital services;
- 11 (2) dental services;
- 12 (3) physician services;
- 13 (4) psychologic and other counseling services;
- 14 (5) laboratory services;
- 15 (6) optometric, ocular, and audiologic services;
- 16 (7) pharmaceutical products and medical supplies;
- 17 (8) physical medicine and rehabilitation services;
- 18 (9) nursing home and pioneers' home services;
- 19 (10) occupational medicine services;
- 20 (11) radiology services;
- 21 (12) injured worker services;
- 22 (13) home nursing services;
- 23 (14) sports medicine services;
- 24 (15) durable medical and dental equipment;
- 25 (16) podiatry;
- 26 (17) physical therapy;
- 27 (18) massage therapy;
- 28 (19) hospice services;
- 29 (20) chiropractic services;
- 30 (21) alternative medicine health services;
- 31 (22) health food services;

1 (23) out-of-state medical, dental, and therapy expenses;  
2 (24) medical travel expenses; and  
3 (25) subcategories of the above listed services and products and other  
4 health services or products that the corporation determines appropriate.

5 (b) In addition to the data collected under (a) of this section, the corporation  
6 shall collect data on the following:

- 7 (1) aging of the population;  
8 (2) general inflation factors and other overhead factors;  
9 (3) technological advances in medical science;  
10 (4) health care productivity;  
11 (5) unnecessary health care services;  
12 (6) access to medical and dental services;  
13 (7) demographic cost determinants;  
14 (8) the effect of statewide health care expenditure goals; and  
15 (9) other factors that may affect the cost of providing health care that  
16 the corporation determines appropriate.

17 Sec. 21.56.350. STATEWIDE HEALTH CARE EXPENDITURE LIMITS. (a)  
18 The corporation shall prescribe by regulation statewide health care expenditure limits,  
19 based on the data obtained under AS 21.56.340. To the extent practicable, the base  
20 year for the statewide health care expenditure limits shall be calendar year 1992.

21 (b) The corporation annually shall adjust the health care expenditure limits  
22 established under this section to reflect changes in the Consumer Price Index, changes  
23 in provider charges authorized by the corporation under AS 21.56.310 and other  
24 appropriate factors.

25 Sec. 21.56.360. VOLUNTARY HEALTH CARE PROVIDER COMPLIANCE.  
26 The health care expenditure limits adopted by the corporation under AS 21.56.350  
27 shall constitute a recommended target for expenditures within each specified category  
28 or subcategory of health care services or products. Health care providers may  
29 voluntarily comply with the expenditure limits and may take all appropriate steps not  
30 prohibited by law to attempt to ensure that annual expenditures for health care in the  
31 state do not exceed the expenditure limit adopted by the corporation.

1           **Sec. 21.56.370. MANDATORY HEALTH CARE PROVIDER COMPLIANCE.**

2           (a) Based on the data compiled under AS 21.56.340, the corporation shall monitor the  
3           success of voluntary compliance under AS 21.56.360. At any time beginning three  
4           years after the voluntary expenditure limits have been in effect, if the corporation  
5           concludes that voluntary compliance has failed substantially to achieve the adopted  
6           expenditure limits, the corporation by regulation shall impose mandatory expenditure  
7           limits. Mandatory expenditure limits may be imposed on one or more of the  
8           categories or subcategories specified under AS 21.56.340(a).

9           (b) A health care provider shall comply with the mandatory expenditure limits  
10           established by the corporation under (a) of this section. A person who receives a  
11           charge that does not comply with the mandatory expenditure limits imposed under this  
12           section is not required to pay that portion of the charge that exceeds the mandatory  
13           expenditure limit. A health care provider shall refund an amount received that exceeds  
14           the mandatory expenditure limit.

15           (c) The corporation by regulation shall establish procedures for monitoring  
16           compliance with mandatory expenditure limits and for providing notice to a person  
17           who is determined to have been overcharged.

18           **Sec. 21.56.400. DEFINITIONS.** In this chapter.

19           (1) "clearing house" means the claims clearing house designated by the  
20           corporation under AS 21.56.110;

21           (2) "Consumer Price Index" means the Consumer Price Index for All  
22           Urban Consumers, United States City Average, All Items Index, compiled by the  
23           Bureau of Labor Statistics, United States Department of Labor;

24           (3) "corporation" means the Alaska Health Insurance Corporation  
25           established in AS 21.56.010;

26           (4) "eligible resident" means a person who is eligible for a permanent  
27           fund dividend under AS 43.23.005;

28           (5) "enrollee" means a person whose application for coverage under the  
29           state health insurance program has been accepted by the corporation, who has  
30           completed applicable enrollment procedures, who is covered by insurance under the  
31           program and includes the dependents of the person;

1 (6) "government employee" means an employee of the state, the  
2 University of Alaska, a political subdivision of the state, or a school district, including  
3 retired government employees or dependents of government employees;

4 (7) "health care services" means preventive, diagnostic, medical,  
5 surgical, reproductive, psychiatric, psychologic, rehabilitative, dental, podiatric,  
6 optometric, optical, audiologic, and chiropractic care; prescription drugs, laboratory and  
7 radiologic services, medical supplies, durable medical equipment and devices; inpatient  
8 and outpatient care; home health care; hospice care; and long-term or institutional care;

9 (8) "health insurance" means an individual or group contract or other  
10 plan providing coverage of health care services that is issued by a health insurance  
11 company, a hospital service corporation, a medical service corporation, or a health  
12 maintenance organization; "health insurance" includes disability insurance under  
13 AS 21.12.050;

14 (9) "health insurance company" means an insurer that is authorized to  
15 transact health insurance;

16 (10) "hospital service corporation" has the meaning given in  
17 AS 21.87.330;

18 (11) "medical service corporation" has the meaning given in  
19 AS 21.87.330;

20 (12) "state health insurance program fund" is the fund established in  
21 AS 21.56.120.

22 \* Sec. 12. AS 23.10 is amended by adding a new article to read:

23 **ARTICLE 9. EMPLOYEE HEALTH INSURANCE.**

24 **Sec. 23.10.600. REQUIRED UNIFORM HEALTH BENEFITS POLICY. (a)**  
25 Subject to AS 23.10.610 and 23.10.615, an employer shall offer to its employees  
26 enrollment in the state health insurance coverage for the employees and the employees'  
27 dependents under either a uniform benefits policy as provided for in AS 21.56 or under  
28 a policy with benefits equal to those of a uniform benefits policy or a policy with  
29 benefits more favorable to the employee. As a condition of employment, an employer  
30 may require that the employee pay the portion of the premium not required to be paid  
31 by the employer.

1 (b) An employer who has provided other health insurance benefits to  
2 employees may terminate that coverage and offer coverage under a uniform benefits  
3 policy under (a) of this section.

4 (c) In this section, "offer" means to procure the required insurance and to pay  
5 at least that portion of the premium that equals 50 percent of the standard fee for a  
6 uniform benefits policy.

7 Sec. 23.10.610. PENALTY FOR FAILURE TO OFFER REQUIRED HEALTH  
8 CARE COVERAGE. An employer that fails to offer at least the coverage under a  
9 uniform benefits policy that is required by AS 23.10.600 shall pay a penalty to the  
10 state in the amount equal to 60 percent of the standard fee for a uniform benefits  
11 policy for coverage for the employee and the employee's dependents.

12 Sec. 23.10.615. DUPLICATE COVERAGE NOT REQUIRED. An employer  
13 is not required to offer health care insurance coverage to an employee or to a  
14 dependent of an employee who is covered by other insurance that provides at least the  
15 benefits included in a uniform benefits policy.

16 Sec. 23.10.620. DEFINITIONS. In AS 23.10.600 - 23.10.620,

17 (1) "employee" means an employee engaged in commerce or other  
18 business in the state, or the production of goods or materials in the state, or the  
19 provision of services in the state;

20 (2) "employer" means an employer, wherever located, who employs  
21 employees in the state;

22 (3) "standard fee for a uniform benefits policy" means the standard fee  
23 established by the Alaska Health Insurance Corporation under AS 21.56.110;

24 (4) "uniform benefits policy" means a policy described in AS 21.56.

25 \* Sec. 13. AS 36.30.015(e) is amended to read:

26 (e) The board of directors of the Alaska Railroad Corporation, [AND] the  
27 board of directors of the Alaska Aerospace Development Corporation, and the board  
28 of directors of the Alaska Health Insurance Corporation shall adopt procedures to  
29 govern the procurement of supplies, services, professional services, and construction.  
30 The procedures must be substantially equivalent to the procedures prescribed in this  
31 chapter and in regulations adopted under this chapter.

1 \* Sec. 14. AS 39.25.110(11) is amended to read:

2 (11) the officers and employees of the following boards, commissions,  
3 and authorities:

- 4 (A) Alaska Gas Pipeline Financing Authority;  
5 (B) Alaska Permanent Fund Corporation;  
6 (C) Alaska Industrial Development and Export Authority;  
7 (D) Alaska Commercial Fisheries Entry Commission;  
8 (E) Alaska Commission on Postsecondary Education;  
9 (F) Alaska Aerospace Development Corporation;  
10 (G) Alaska Health Insurance Corporation;

11 \* Sec. 15. AS 43.23.005(a) is amended to read:

12 (a) An individual is eligible to receive one permanent fund dividend each year  
13 in an amount to be determined under AS 43.23.025 if

- 14 (1) the individual applies to the department;  
15 (2) on the date of application the individual is a state resident;  
16 (3) the individual was a state resident for at least the calendar year  
17 immediately preceding January 1 of the current dividend year;  
18 (4) the individual has been physically present in the state at some time  
19 during the prior two calendar years before the current dividend year; [AND]  
20 (5) the individual is

- 21 (A) a citizen of the United States;  
22 (B) an alien lawfully admitted for permanent residence in the  
23 United States;  
24 (C) an alien with refugee status under federal law; or  
25 (D) an alien that has been granted asylum under federal law;

26 and

27 (6) the individual either

- 28 (A) is eligible to receive health care benefits under an  
29 employer sponsored or other group health insurance plan, an individually  
30 purchased health insurance policy, the medical assistance program under  
31 AS 47.07 or AS 47.25, the medical assistance program under 42 U.S.C.

1 \* Sec. 14. AS 39.25.110(11) is amended to read:

2 (11) the officers and employees of the following boards, commissions,  
3 and authorities:

4 (A) Alaska Gas Pipeline Financing Authority;

5 (B) Alaska Permanent Fund Corporation;

6 (C) Alaska Industrial Development and Export Authority;

7 (D) Alaska Commercial Fisheries Entry Commission;

8 (E) Alaska Commission on Postsecondary Education;

9 (F) Alaska Aerospace Development Corporation;

10 (G) Alaska Health Insurance Corporation;

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12 (a) An individual is eligible to receive one permanent fund dividend each year  
13 in an amount to be determined under AS 43.23.025 if

14 (1) the individual applies to the department;

15 (2) on the date of application the individual is a state resident;

16 (3) the individual was a state resident for at least the calendar year  
17 immediately preceding January 1 of the current dividend year;

18 (4) the individual has been physically present in the state at some time  
19 during the prior two calendar years before the current dividend year; [AND]

20 (5) the individual is

21 (A) a citizen of the United States;

22 (B) an alien lawfully admitted for permanent residence in the  
23 United States;

24 (C) an alien with refugee status under federal law; or

25 (D) an alien that has been granted asylum under federal law;

26 and

27 (6) the individual either

28 (A) is eligible to receive health care benefits under an  
29 employer sponsored or other group health insurance plan, an individually  
30 purchased health insurance policy, the medical assistance program under  
31 AS 47.07 or AS 47.25, the medical assistance program under 42 U.S.C.

1           1301 - 1396, a health care benefits program of the Veterans Benefits  
2           Administration, a health care benefit plan for active or retired military, a  
3           health care benefits program of the Indian Health Service of the United  
4           States Public Health Service, a health care benefits program of an Alaska  
5           Native health corporation receiving funds from the Indian Health Service,  
6           or a generally equivalent program as determined by the Alaska Health  
7           Insurance Corporation under AS 21.56.140(a)(2); or

8                           (B) on the application, makes the election authorized by  
9           AS 43.23.021 to contribute the dividend to the state health insurance  
10           program fund.

11   \* Sec. 16. AS 43.23 is amended by adding a new section to read:

12                   Sec. 43.23.021. CONTRIBUTIONS TO STATE HEALTH INSURANCE  
13           PROGRAM FUND. An individual may contribute the individual's permanent fund  
14           dividend to the state health insurance program fund established under AS 21.56.120.  
15           The permanent fund dividend application form must provide a place for the individual  
16           to indicate that the individual wishes to make this contribution. Annually, after  
17           calculating the amount of the permanent fund dividend under AS 43.23.025, the  
18           commissioner shall transfer funds from the dividend fund under AS 43.23.045 to the  
19           state health insurance program fund under AS 21.56.120 in an amount equal to the  
20           dividends that individuals elected to contribute to the state health insurance program  
21           fund.

22   \* Sec. 17. AS 43.23.055 is amended to read:

23                   Sec. 43.23.055. DUTIES OF THE DEPARTMENT. The department shall  
24                           (1) annually pay permanent fund dividends from the dividend fund;  
25                           (2) subject to AS 43.23.011 and [PARAGRAPH] (8) of this section,  
26           adopt regulations under AS 44.62 (Administrative Procedure Act) that establish  
27           procedures and time limits for claiming a permanent fund dividend; the department  
28           shall determine the number of eligible applicants by October 1 of the year for which  
29           the dividend is declared and pay the dividends by December 31 of that year;  
30                           (3) adopt regulations under AS 44.62 (Administrative Procedure Act)  
31           that establish procedures and time limits for an individual upon emancipation or upon

1 reaching majority to apply for permanent fund dividends not received during minority  
2 because the parent, guardian, or other authorized representative did not apply on behalf  
3 of the individual;

4 (4) assist residents of the state, particularly in rural areas, who because  
5 of language, disability, or inaccessibility to public transportation need assistance to  
6 establish eligibility and to apply for permanent fund dividends;

7 (5) annually determine, in cooperation with the Department of  
8 Corrections, the number and identity of individuals ineligible for a permanent fund  
9 dividend under AS 43.23.005(d);

10 (6) adopt regulations that are necessary to implement AS 43.23.005(d);

11 (7) adopt regulations that establish procedures for the parent, guardian,  
12 or other authorized representative of a disabled individual to apply for prior year  
13 permanent fund dividends not received by the disabled individual because no  
14 application was submitted on behalf of the individual;

15 (8) adopt regulations that establish procedures for an individual to apply  
16 to have a dividend warrant reissued if it is returned to the department as undeliverable  
17 or it is not paid within two years of the date of its issuance; however, the department  
18 may not establish a time limit within which an application to have a warrant reissued  
19 must be filed;

20 (9) annually provide to the Alaska Health Insurance Corporation  
21 established under AS 21.56.010 the identity of individuals who are eligible for a  
22 permanent fund dividend under AS 43.23.005.

23 \* Sec. 18. AS 44.62.330(a) is amended by adding a new paragraph to read:

24 (59) Alaska Health Insurance Corporation.

25 \* Sec. 19. AS 47.05.010 is amended by adding a new paragraph to read:

26 (15) upon request by a hospital, deputize a qualified employee of each  
27 hospital that has a capacity of 45 or more beds to determine eligibility for Medicaid  
28 assistance under AS 47.07 and eligibility for general relief assistance under  
29 AS 47.25.120, subject to subsequent review and disapproval by a state employee for  
30 failure to comply with the applicable legal requirements; in this paragraph, "hospital"  
31 has the meaning given in AS 18.20.130.

1     \* **Sec. 20. TRANSITION.** (a) The Alaska Health Insurance Corporation established in  
2 sec. 11 of this Act shall develop an implementation plan and begin the implementation of  
3 AS 21.56 by July 1, 1994, and shall fully implement AS 21.56 before July 1, 1996.

4           (b) The director of the division of insurance, in consultation with representatives of  
5 the insurance industry, shall develop a plan to implement the

6                   (1) statewide rating of disability insurance required under AS 21.39.030(a), as  
7 amended in sec. 6 of this Act; and

8                   (2) preexisting conditions coverage required under AS 21.56.200, enacted in  
9 sec. 11 of this Act.

10          (c) The plan required under (b) of this section shall be phased in over a three-year  
11 period and shall be completed by July 1, 1997.

12          (d) The initially appointed members of the board of the Alaska Health Insurance  
13 Corporation that are serving staggered terms shall serve terms set by the governor under  
14 AS 39.05.055(2).

15     \* **Sec. 21.** (a) This Act takes effect only if an Act requiring that a civil action against a  
16 health care provider by a person less than six years of age be brought before the claimant's  
17 eighth birthday, limiting noneconomic damages to \$250,000 for each claim, allowing  
18 prejudgment interest on a medical malpractice judgment to bear interest at the prevailing  
19 federal discount rate, prohibiting prejudgment interest on future and punitive damages,  
20 requiring mandatory arbitration in medical malpractice actions, changing the expert advisory  
21 panel in a medical malpractice action from three persons to one person, requiring periodic  
22 payment of certain future damages, and limiting the liability of hospitals for nonemployees  
23 is passed by the Eighteenth Alaska State Legislature and is signed into law by the governor.

24           (b) If the condition described in (a) of this section is fulfilled, this Act takes effect  
25 July 1, 1994.