

COMMITTEE REPORT
SENATE

FURTHER:

Date _____

Mr. President

The Committee on FINANCE considered W.A.S.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title _____
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
1/31/84 275 Hess
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Joe Josephson

Chairman

Chairman recommendation

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

F. H. 0199011
Bill No. 377

Revision Date: _____

REQUEST

Bill/Resolution No.: SB424
Title: An act relating to recovery of Medical Assistance expenses
Sponsor: _____
Requestor: _____
Date of Request: _____

FISCAL DETAIL

Agency Affected: Division of Public Assistance
Program Category Affected: Medical Assistance
BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	250	275	310	350	400	475

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

No additional cost is forseen by the Department of Health & Social Services as a result of this legislation.

ANALYSIS: Attach a separate page for analysis

Prepared By: Rod Betit
Division: Public Assistance

Phone: 465-3355
Date: 1/19/84

Approved by Commissioner: Robert Landon Smith
Agency: Dept. of Health & Social Services

Date: 1/31/84

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

Analysis - An act relating to recovery of medical assistance expenses.

Current effort to identify and recover medical assistance from third party liability (TPL) requires the labor of two TPL staff positions. Recovery has increased from \$80,000 in FY79 to approximately \$300,000 in FY83. It has been the experience of present staff, though, that excessive time is spent confronting legal challenge to the State's subrogation rights. The existence of an explicit subrogation statute would remove this challenge and provide current staff additional time to identify and recover TPL currently not being identified that is estimated to be in excess of \$200,000 each year.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

124

February 8, 1984

The Honorable Jalmar Kerttula
Alaska State Senate
Pouch V
Juneau, AK 99811

Dear Senator Kerttula:

Under the authority of art. III, sec. 15, of the Alaska Constitution, I am transmitting a bill relating to subrogation. The bill establishes, for the Department of Health and Social Services, a statutory right to subrogation in cases in which the department provides medical assistance for which a third party is liable.

Current Alaska statutes are silent on the department's right to recover medical assistance expenses when it is determined that a third party is liable for those expenses. Almost every claim by the department for reimbursement has been challenged, and absent a statutory basis for such claims, time-consuming and expensive legal proceedings have been required to obtain reimbursement. Consequently, the department has had to expend excessive amounts of money or forego reimbursement in many cases. The department estimates that at least several thousand dollars every year would be saved if this bill were enacted.

Additionally, the bill provides that the department will reimburse a recipient of medical assistance, in accordance with the rules of court, for the attorney fees incurred in establishing third-party liability for the medical assistance provided.

In the interest of fairness and efficiency, I urge your prompt and favorable consideration of this bill.

Sincerely,


Bill Sheffield
Governor

Introduced: 2/8/84
Referred: Health, Education and
Social Services and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2

SENATE BILL NO. 424

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to recovery of medical assistance
7 expenses; and providing for an effective date."

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

9 * Section 1. AS 47.05 is amended by adding a new section to read:

10 Sec. 47.05.070. SUBROGATION. (a) If the department provides or
11 pays for medical assistance for injury or illness under this title,
12 the department is subrogated to the rights of the recipient of that
13 medical assistance for any claim arising from the injury or illness
14 and to the proceeds of an insurance policy covering the injury or
15 illness to the extent of the value of the medical assistance provided.

16 (b) If a recipient of medical assistance under this title set-
17 tles a claim or obtains an award or judgment arising from the injury
18 or illness for which the medical assistance was received, the depart-
19 ment shall reimburse the recipient for attorney fees and costs commen-
20 surate with the amount of the settlement, award, or judgment to which
21 the department is entitled under (a) of this section. Regardless of
22 the manner in which the amount of the attorney fees is derived, reim-
23 bursement of attorney fees shall be in accordance with the applicable
24 rules of court governing the award of attorney fees in civil matters.

25 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
26 10.070(c).

COMMITTEE REPORT

SENATE

FURTHER:

FINANCE

2/8/84

Date March 23, 1984

Mr. President

The Committee on HESS considered SB 424

recovery of medical assistance expenses; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF COMMENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Greg ...
Rich ...
...

Chairman

Chairman recommendation

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 8, 1984

The Honorable Jalmar Kerttula
Alaska State Senate
Pouch V
Juneau, AK 99811

Dear Senator Kerttula:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to subrogation. The bill establishes, for the Department of Health and Social Services, a statutory right to subrogation in cases in which the department provides medical assistance for which a third party is liable.

Current Alaska statutes are silent on the department's right to recover medical assistance expenses when it is determined that a third party is liable for those expenses. Almost every claim by the department for reimbursement has been challenged, and absent a statutory basis for such claims, time-consuming and expensive legal proceedings have been required to obtain reimbursement. Consequently, the department has had to expend excessive amounts of money or forego reimbursement in many cases. The department estimates that at least several thousand dollars every year would be saved if this bill were enacted.

Additionally, the bill provides that the department will reimburse a recipient of medical assistance, in accordance with the rules of court, for the attorney fees incurred in establishing third-party liability for the medical assistance provided.

In the interest of fairness and efficiency, I urge your prompt and favorable consideration of this bill.

Sincerely,

Bill Sheffield
Bill Sheffield
Governor

SENATE BILL 424 "An Act relating to recovery of medical assistance expenses; and providing for an effective date."

2-8-84 Introduced by the Rules Committee by request of the Governor
Referred: HESS, Finance

3-26-84 HESS Committee voted "Do Pass" 3-0

FISCAL NOTE \$250,000 estimated revenue for FY 84

SUMMARY

The purpose of the bill is to expedite efforts of the Department of Health and Social Services in recovering money from insurance companies and others when money has been paid by the State for medical assistance. Without an explicit subrogation statute, much time is spent attempting to recover these funds. The State would be able to collect up to the value of the medical assistance provided.

In addition, the bill specifies that when the State has paid medical expenses, the State will reimburse the recipient for its share of attorney fees or other costs that may result from a settlement, award, or judgement. The State's share of attorney fees would be comensurate with the amount of the settlement, and would be reimbursed "...in accordance with the applicable rules of court governing the award of attorney fees in civil matters."

It is estimated by the Department of Health and Social Services that an additional several hundred thousand dollars could be collected annually as a result of the subrogation statute.

4-6-84