

**SB**

**367**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/25/94

FURTHER:

DATE TURNED INTO OFFICE: 4-28-94

The Finance Committee considered **SENATE BILL NO. 367**

Relating to health care and insurance; efd

and recommends:

- replace with \_\_\_\_\_ CS SB 367 (FINANCE)
- or  adopt previous \_\_\_\_\_ CS \_\_\_\_\_
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

- do pass
- do not pass
- no recommendation
- individual recommendations

*forthcoming FN  
to Rev (maybe)  
& Corrections  
& Governor*

**NEW FISCAL NOTES**

Department	Date	Zero	Fiscal
C&ED	4/29/94		\$322.6
Gov	4/29/94		\$622.7

**PREVIOUS FISCAL NOTES**

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

DO PASS.

*Steve King*  
*Tim Kelly*

OTHER RECOMMENDATIONS:

*Scott May* N12

1. *[Signature]*

Co-Chair: Signature/Recommendation

2. *[Signature]* NO REC

Co-Chair: Signature/Recommendation

**FISCAL NOTE**

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. CSSB 367 (FIN)

Revision Date: 4/28/94  
 Title: Health Care Reform Committees  
 Sponsor: Senate HESS Committee  
 Requestor: \_\_\_\_\_

Department Affected: Commerce and Economic Development  
 BRU: Insurance  
 Component: Operations  
 COMPONENT SERIAL NO. 0354

Expenditures/Revenues:

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	227.8	995.2	995.2	995.2		
TRAVEL	--	--	--	--		
CONTRACTUAL	42.4	212.0	212.0	212.0		
SUPPLIES	4.0	20.0	20.0	20.0		
EQUIPMENT	48.4	197.6	20.0	20.0		
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>322.6</b>	<b>1,424.8</b>	<b>1,247.2</b>	<b>1,247.2</b>		

CAPITAL EXPENDITURES	500.0	500.0	500.0	500.0		
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CHANGE IN REVENUES ( )						
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FUND SOURCE

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	822.6	1,924.8	1,747.2	1,747.2		
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>822.6</b>	<b>1,924.8</b>	<b>1,747.2</b>	<b>1,747.2</b>		

Estimate of current year (FY 94) cost: \$ \_\_\_\_\_

POSITIONS

FULL-TIME	4.0	20.0	20.0	20.0		
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

PLEASE SEE ATTACHED.

Prepared by: David J. Walsh, Director  
 Division: Insurance

Phone: 465-2515  
 Date: 4/29/94

Approved by Commissioner: Paul Fuhs  
 Agency: Commerce and Economic Development

Date: 4/28/94

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		FY 95	FY 96	FY 97	FY 98
<b>SB 367 Fiscal Note for the Dept of Commerce and Economic Development</b>					
<b>Division of Insurance</b>					
<b>Data Collection/Analysis and Claims:</b>					
1	Chief R-22 @ \$74.5	74.5	74.5	74.5	74.5
1	Analyst/Programmer IV R-19 @\$61.9	61.9	61.9	61.9	61.9
1	Analyst/Programmer III R-17 @\$54.5	54.5	54.5	54.5	54.5
1	Secretary R-10 @\$36.9	36.9	36.9	36.9	36.9
1	Economist II R-20 @ \$65.8		65.8	65.8	65.8
4	Statistical Tech I R-12 @ \$41.0		164.0	164.0	164.0
3	Statistical Tech II R-14 @ \$45.2		135.6	135.6	135.6
2	Statistical Clerk R-10 @ \$36.9		73.8	73.8	73.8
3	Research Analyst II R-16 @ \$51.2		153.6	153.6	153.6
3	Research Analyst III R-18 @ \$58.2		174.6	174.6	174.6
20		Total:	227.8	995.2	995.2
	Contractual- \$10.6 per position		42.4	212.0	212.0
	Office space per position- 12 mths/\$1.80/sq ft/175 sq ft = \$3.3				
	Miscellaneous contractual- \$6.8				
	Supplies: \$1.0/position		4.0	20.0	20.0
	Equipment: 12.1/position 1st yr, 1.0/pos. after		48.4	197.6	20.0
	<b>Capital Expenditure:</b>				
	Contractual Claims Handling/Data Collection costs:		500.0	500.0	500.0
	<b>Subtotal of Costs for Data Collection:</b>		822.6	1,924.8	1,747.2
	<b>Total Costs:</b>		822.6	1924.8	1747.2

# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. CS SB 367 (Fin)

Revision Date: \_\_\_\_\_ Dept. Affected: Office of the Governor  
 Title: An Act relating to review and approval of BRU: Commissions and Special Offices  
health insurance rates and rating factors; ... Component: Health Care Plan/Public Health  
Advisory Committees  
 Sponsor: Senate HESS  
 Requestor: Senate Finance COMPONENT SERIAL NO. \_\_\_\_\_

**Expenditures/Revenues:** (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	300.0	417.0				
TRAVEL	82.0	84.3				
CONTRACTUAL	200.8	230.7				
SUPPLIES	5.2	7.0				
EQUIPMENT	84.7	1.0				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>672.7</b>	<b>740.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGES IN REVENUES</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	672.7	740.0				
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>672.7</b>	<b>740.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS:**

FULL-TIME	7	7				
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: 0.0

**ANALYSIS:** (Attach a separate page if necessary)

This version of the bill establishes two advisory committees, the HEALTH CARE PLAN ADVISORY COMMITTEE (Sec 14) and the PUBLIC HEALTH ADVISORY COMMITTEE (Sec 15). See attached pages for analysis.

Prepared by: Michael A. Nizich, Director *MN*  
 Division: Division of Administrative Services

Phone: 465-3616  
 Date: 04/29/94

Approved by Commissioner: Patrick P. Ryan, Chief of Staff  
 Agency: Office of the Governor *Patrick P. Ryan*

Date: 04/29/94

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Analysis: CSSB 367 (FIN)

April 29, 1994

Fiscal note reflects costs related to the Health Care Plan Advisory and Public Health Advisory Committee to June 30, 1996, repeal date of the enabling legislation per Sec. XX of the bill. Fiscal note further assumes staff will serve both committees.

	<u>FY95</u>	<u>FY96</u>
Personal Services:	300.0	417.0

Personal Services costs reflect 9 months in FY95 and 12 months in FY96 with merit increases in FY96.

- 1 Executive Director (Rg 23)
- 2 Health Planners (Rg 19)
- 2 Research Analysts (Rg 18)
- 1 Administrative Assistant (Rg 12)
- 1 Clerk (Rg 10)

Travel:	82.0	84.3
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Health Care Plan Advisory Committee:  
(7 members) assumes 4 meetings in FY95 and  
5 meetings in FY96

	FY95	FY96
airfare/per diem	11,200	14,000

Public Health Advisory Committee:  
(9 members) assumes 4 meetings in FY95 and  
3 meetings in FY96

	FY95	FY96
airfare/per diem	18,900	14,200

Public Health Advisory subcommittee:  
assumes 8 subcommittee meetings each fiscal year

	FY95	FY96
airfare/per diem	25,200	25,200

Staff travel:

meetings related travel and 3 out-of-state trips

	FY95	FY96
airfare/per diem	8,700	9,400

Analysis: CSSB 367 (FIN)

April 29, 1994

Travel - continued

Honorarium:

Health Care Plan Advisory Committee members receive \$250/day honorarium

	FY95	FY96
assumes 2 day meetings	14,000	17,500
8 teleconferences	4,000	4,000

Contractual: 200.8 230.7

Professional Services:

	FY95	FY96
consulting actuary	10,000	10,000
legal services	70,000	70,000

Contractual costs per position:

	FY95	FY96
toll costs, postage fax, utilities, etc.	54,500	70,400

Communications:

	FY95	FY96
teleconferences	28,000	28,000

Advertising:

	FY95	FY96
public notice for meetings and public hearings	17,000	17,000

Lease Space:

	FY95	FY96
175 sf per position x \$1.80 per sf cost	19,800	30,500
facility rental for meetings	1,500	4,800

Analysis: CSSB 367 (FIN)

April 29, 1994

Supplies:

5.2

7.0

Assumes \$1.0 per position

Equipment:

84.7

1.0

work stations, phones, computer  
equipment @ 12.1 per position

Amendment to Senate Bill 367 (Finance)

4-28-94

Delete Sections 2, 5, and 7.

Add new sections as follows:

SENATE FINANCE  
COMMITTEE

Amendment Number: 7

Bill Number: SB 367

Sponsor: \_\_\_\_\_ Date: 4/27/94

Logged In By: [Signature]

Section 2: AS 21.51 is amended by adding a new section to read:

*Kelly MOVED*  
*Reagan opposed*  
**ADOPTED**  
*5-1*  
*(Kurtz)*  
*ABSENT*

Sec. 21.52.350. PREMIUM RATES AND RATING FACTORS. A disability insurer (1) shall file with the director rates or rating factors for disability insurance before the intended effective date of the rate or rating factor; (2) may not use a rate or rating factor that has not been filed with the director; and (3) may file a new rate or rating factor at any time.

Section 5: AS 21.86 is amended by adding a new section to read:

Sec. 21.86.075. PREMIUM RATES AND CHARGES. A health maintenance organization (1) shall file with the director rates, rating factors, premiums, fees for services, and enrollee fees, including a change to a rate, rating factor premium, or fee, used in providing health care services to enrollees of the health maintenance organization; (2) may not use a rate, rating factor, premium, or fee that has not been filed with the director; and (3) may file a new rate, rating factor, premium, or fee at any time.

Section 7: AS 21.87.190 is repealed and reenacted to read:

Sec. 21.87.190. RATES and CHARGES. A service corporation (1) shall file with the director subscription rates, rating factors, fees, and payment charges, including a change to a rate, rating factor, fee, or payment charge, to be charged to or on account of the service cooperation's subscribers; (2) may not use a rate, rating factor, fee or payment charge, that has not been filed with the director; and (3) may file a new rate, rating factor, fee, or payment charge at any time.

AMENDMENT

OFFERED IN THE SENATE

TO: CSSB 367( ) (Draft 8-LS1498\X)

BY SENATOR RIEGER

4/28/94 MOVED Rieger

Page 1, line 2, after "factors;"

ADOPTED

delete "relating to certain civil actions against health care providers"

insert "prohibiting a civil action based on professional negligence against a health care provider by a person who on the date of the negligent act or omission is less than two years of age, unless the action is brought before the person's eighth birthday"

SENATE FINANCE  
COMMITTEE

Amendment Number: 3

Bill Number: SB 307

Sponsor: Rieger Date: 4/28/94

Logged In By: (Signature)

AMENDMENT

OFFERED IN THE SENATE

TO: CSSB 367( ) (Draft 8-LS1498\X)

ADOPTED

Page 3, lines 8 - 31

Delete

Page 3, line 8

Add:

Sec. 21.58.020. HEALTH CARE DATA SYSTEM. (a) The Department of Commerce and Economic Development shall develop and may, subject to appropriation, periodically update a health care data system. To the extent practicable, the date system base year shall be calendar year 1995 and the system may include

- (1) health care expenditures, including capital expenditures associated with receiving health care;
- (2) demographic data;
- (3) clinical information in a format which does not identify individual patients, including diagnosis, type of provider, type of service, location and length of care, referral patterns, quality of care, and result of care;
- (4) billing and payment data in a format which does not identify individual patients; and
- (5) public health data, including vital statistics and health status.

(b) The commissioner may request health care data necessary to develop or update the data system required under (a) of this section from a health care provider or insurer. A health care provider or insurer who receives a request under this subsection may but is not required to comply with the request.

(c) Information and data obtained or produced by the director under this section, except as provided under (e) of this section, shall be kept confidential as a matter

Page 4, line 6

After "recipient"

Add "or provider"

SENATE FINANCE  
COMMITTEE (4)  
Amendment Number:  
Bill Number: SB 367  
Sponsor: \_\_\_\_\_ Date: 4/28/94  
Logged In By: (Signature)

**CS FOR SENATE BILL NO. 367( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**EIGHTEENTH LEGISLATURE - SECOND SESSION**

**BY**

**Offered:**  
**Referred:**

**Sponsor(s): SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to review and approval of health insurance rates and rating  
 2 factors; relating to certain civil actions against health care providers; relating to  
 3 coordination of insurance benefits and to determination and disclosure of fees paid  
 4 to an insured or health care provider; establishing an advisory committee on a  
 5 health care plan and an advisory committee on public health; and providing for  
 6 an effective date."

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

8 \* Section 1. AS 09.10 is amended by adding a new section to read:

9       Sec. 09.10.065. **LIMITATION ON ACTIONS BY CERTAIN MINORS**  
 10 **AGAINST HEALTH CARE PROVIDERS.** (a) Notwithstanding AS 09.10.140, an  
 11 action based on professional negligence may not be brought against a health care  
 12 provider by a person who is, on the date of the alleged negligent act or omission less  
 13 than two years of age, unless the action is brought before the person's eighth birthday.

1 (b) The limitation imposed under (a) of this section is tolled during any period  
2 in which there exists

3 (1) fraud, including fraud or collusion by a parent, guardian, insurer,  
4 or health care provider, resulting in the failure to bring an action on behalf of an  
5 injured minor;

6 (2) intentional concealment; or

7 (3) the undiscovered presence of a foreign body, that has no therapeutic  
8 or diagnostic purpose or effect, in the body of the injured person and the action is  
9 based on the presence of the foreign body.

10 (c) In this section,

11 (1) "health care provider" has the meaning given in AS 21.58.400;

12 (2) "professional negligence" means a negligent act or omission by a  
13 physician in rendering professional services;

14 (3) "professional services" means services provided by a health care  
15 provider that are within the scope of services for which the health care provider is  
16 licensed, and that are not prohibited under the health care provider's license or by a  
17 hospital in which the health care provider practices.

18 \* Sec. 2. AS 21.51 is amended by adding a new section to read:

19 Sec. 21.51.350. PREMIUM RATES AND RATING FACTORS. (a) A  
20 disability insurer

21 (1) shall file with the director rates or rating factors for disability  
22 insurance at least 90 days before the intended effective date of the rate or rating factor,  
23 and

24 (2) may not use a rate or rating factor that has not been filed with the  
25 director as required under this subsection.

26 (b) A rate or rating factor not disapproved by the director before the intended  
27 effective date of the rate or rating factor is considered approved by the director.

28 \* Sec. 3. AS 21 is amended by adding a new chapter to read:

29 CHAPTER 58. HEALTH CARE.

30 Sec. 21.58.010. REQUIRED AVAILABILITY OF PRICE LIST. A health care  
31 provider shall prepare a list of the provider's prices that includes the dates during

1 which the prices will be applicable. The price list shall be made available either by  
2 posting the price list in a conspicuous location in the health care provider's office or  
3 by similarly posting a notice that the price list is available for review upon request.  
4 The contents of the price list required under this section must include the provider's  
5 40 most commonly provided health care services or those health care services provided  
6 more than five times in a calendar year, whichever would result in a shorter price list  
7 of health care services.

8 Sec. 21.58.020. HEALTH CARE DATA SYSTEM. (a) The Department of  
9 Commerce and Economic Development shall develop and periodically update a health  
10 care data system. To the extent practicable, the data system base year shall be  
11 calendar year 1995 and the system may include

- 12 (1) health care expenditures, including capital expenditures associated  
13 with receiving health care;
- 14 (2) demographic data;
- 15 (3) clinical information, including patient ~~diagnosis~~ type of provider,  
16 type of service, location and length of care, referral patterns, quality of care, and ~~result~~  
17 ~~of care~~;
- 18 (4) billing and payment data; and
- 19 (5) public health data, including vital statistics and health status.

20 (b) The commissioner may, by regulation, require health care providers to  
21 submit claims data and additional information necessary to develop or update the data  
22 system required under (a) of this section.

23 (c) The commissioner may pursue waivers from applicable federal law or from  
24 federal agencies to the extent necessary to maximize the collection and analysis of  
25 health care data.

26 (d) Information and data obtained or produced by the director under this  
27 section are subject to the disclosure requirements and exceptions of AS 09.25.110 and  
28 09.25.120 and the regulations adopted under those statutes. Information or data  
29 identifying a recipient of health care services is considered to be a medical and related  
30 public health record subject to the exception to public inspection under AS 09.25.120  
31 and, except as provided under (e) of this section, shall be kept confidential as a matter

1 of law. A person who wrongfully discloses or who uses or permits the use of  
2 confidential information or data in violation of this subsection is guilty of a class B  
3 misdemeanor.

4 (e) Information or data regarding health care services

5 (1) may be disclosed in an aggregate form that does not identify an  
6 individual recipient; and

7 (2) that identify an individual recipient may be disclosed to a health  
8 care provider, if the individual recipient has agreed to release the information or data.

9 Sec. 21.58.030. UNIFORM DATA AND PROCEDURES FOR HEALTH  
10 CLAIMS. (a) The director shall adopt by regulation uniform claims forms, uniform  
11 standards, and uniform procedures for the processing of data relating to billing for and  
12 payment of health care services provided to residents of the state. A health insurance  
13 company shall comply with the uniform claims forms, standards, and procedures  
14 established under this section.

15 (b) The director shall ensure that other regulations adopted by the director  
16 under this title that apply to a health insurer are not in conflict or inconsistent with  
17 regulations adopted under (a) of this section.

18 Sec. 21.58.040. APPROPRIATIONS. The legislature may appropriate a  
19 portion of the proceeds of the tax on insurance premiums collected under  
20 AS 21.09.210 to pay the administrative costs of this chapter.

21 Sec. 21.58.400. DEFINITIONS. In this chapter,

22 (1) "commissioner" means the commissioner of commerce and  
23 economic development;

24 (2) "health care provider" means an acupuncturist licensed under  
25 AS 08.06; an audiologist licensed under AS 08.11; a chiropractor licensed under  
26 AS 08.20; a dental hygienist licensed under AS 08.32; a dentist licensed under  
27 AS 08.36; a marital or family therapist licensed under AS 08.63; a direct-entry  
28 midwife certified under AS 08.65; a nurse licensed under AS 08.68; a dispensing  
29 optician licensed under AS 08.71; a naturopath licensed under AS 08.45; an  
30 optometrist licensed under AS 08.72; a pharmacist licensed under AS 08.80; a physical  
31 therapist or occupational therapist licensed under AS 08.84; or a physician's assistant

1 certified under AS 08.64; a physician licensed under AS 08.64; a podiatrist; a  
2 psychologist and a psychological associate licensed under AS 08.86; a clinical social  
3 worker licensed under AS 08.95; an emergency medical technician certified under  
4 AS 18.08.082; a mobile intensive care paramedic trained as required under  
5 AS 18.08.082; a health maintenance organization as defined in AS 21.86.900; a  
6 hospital or medical service corporation as defined in AS 21.87.330; a hospital as  
7 defined in AS 18.20.130, including a governmentally owned or operated hospital; and  
8 an employee of a health care provider acting within the course and scope of  
9 employment;

10 (3) "health care services" means preventive, diagnostic, medical,  
11 surgical, reproductive, psychiatric, psychologic, rehabilitative, health maintenance,  
12 dental, podiatric, optometric, optical, audiologic, nutritive, and chiropractic care;  
13 prescription drugs, laboratory and radiologic services, medical supplies, durable  
14 medical equipment and devices; personal assistance services; inpatient and outpatient  
15 care; home health care; hospice care; and long-term or institutional care;

16 (4) "health insurance" means an individual or group contract or other  
17 plan providing coverage of health care services that is issued by the corporation or by  
18 a health insurance company, a hospital service corporation, a medical service  
19 corporation, or a health maintenance organization; "health insurance" includes disability  
20 insurance under AS 21.12.050;

21 (5) "health insurance company" means an insurer that is authorized to  
22 transact health insurance.

23 \* Sec. 4. AS 21.86.070(g) is amended to read:

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

27 \* Sec. 5. AS 21.86 is amended by adding a new section to read:

28 Sec. 21.86.075. PREMIUM RATES AND CHARGES. (a) A health  
29 maintenance organization

30 (1) shall file with the director rates, rating factors, premiums, fees for  
31 services, and enrollee fees, including a change to a rate, rating factor, premium, or fee,

1 used in providing health care services to enrollees of the health maintenance  
2 organization; a filing required under this paragraph must be made at least 90 days  
3 before the intended effective date of the filing; and

4 (2) may not use a rate, rating factor, premium, or fee that has not been  
5 filed with the director as required under this subsection.

6 (b) A filing under this section not disapproved by the director before its  
7 intended effective date is considered approved by the director.

8 \* Sec. 6. AS 21.86.260(a) is amended to read:

9 (a) Except as provided in AS 21.56, AS 21.89.100 - 21.89.120, and in this  
10 chapter, this title does not apply to a health maintenance organization that obtains a  
11 certificate of authority under this chapter. This subsection does not apply to an insurer  
12 licensed under AS 21.09 or a hospital or medical service corporation licensed under  
13 AS 21.87 except with respect to its health maintenance organization activities  
14 authorized by and regulated under this chapter.

15 \* Sec. 7. AS 21.87.190 is repealed and reenacted to read:

16 Sec. 21.87.190. RATES AND CHARGES. (a) A service corporation

17 (1) shall file with the director subscription rates, rating factors, fees,  
18 and payment charges, including a change to a rate, rating factor, fee, or payment  
19 charge, to be charged to or on account of the service corporation's subscribers; a filing  
20 required under this paragraph must be made at least 90 days before the intended  
21 effective date of the filing; and

22 (2) may not use a rate, rating factor, fee, or payment charge that has  
23 not been filed with the director as required under this subsection.

24 (b) A filing under this section not disapproved by the director before its  
25 intended effective date is considered approved by the director.

26 \* Sec. 8. AS 21.87.340 is amended to read:

27 Sec. 21.87.340. OTHER PROVISIONS APPLICABLE. In addition to the  
28 provisions contained or referred to previously in this chapter, the following chapters  
29 and provisions of this title also apply with respect to service corporations to the extent  
30 applicable and not in conflict with the express provisions of this chapter and the  
31 reasonable implications of the express provisions, and for the purposes of the

- 1 application the corporations shall be considered to be mutual "insurers":
- 2 (1) AS 21.03;
- 3 (2) AS 21.06;
- 4 (3) AS 21.09, except AS 21.09.090;
- 5 (4) AS 21.18.010;
- 6 (5) AS 21.18.030;
- 7 (6) AS 21.18.040;
- 8 (7) AS 21.18.120;
- 9 (8) AS 21.21.321;
- 10 (9) AS 21.36;
- 11 (10) AS 21.42.345 - 21.42.365, 21.42.375, 21.42.380, and 21.42.385;
- 12 (11) AS 21.51.120;
- 13 (12) AS 21.53;
- 14 (13) AS 21.54.020;
- 15 (14) AS 21.56;
- 16 (15) AS 21.69.400;
- 17 (16) AS 21.69.520;
- 18 (17) AS 21.69.600, 21.69.620, and 21.69.630;
- 19 (18) AS 21.78;
- 20 (19) AS 21.89.040;
- 21 (20) AS 21.89.060 and 21.89.100 - 21.89.120;
- 22 (21) AS 21.90.

23 \* Sec. 9. AS 21.89 is amended by adding new sections to read:

24 **Sec. 21.89.100. REQUIRED PROVISIONS REGARDING COORDINATION**  
25 **OF BENEFITS.** (a) When an insured has coverage under two or more plans that  
26 provide for coordination of benefits, the coverage from those plans must be  
27 coordinated so that the insured receives the maximum allowable benefit from each  
28 plan. The aggregate benefit should be more than that offered by any of the plans  
29 individually, but the insured may not receive more than the total of the charges for the  
30 health care services received.

31 (b) A plan that provides for coordination of benefits must contain a provision

1 that

2 (1) discloses that coordination of benefits applies when the insured has  
3 health care coverage under more than one plan;

4 (2) states what benefits from the plan and other sources are recognized  
5 under the coordinating provision and that indicates if one or more plan benefits are  
6 exempt from the coordinating provision;

7 (3) states what health care expenses are allowable and what health care  
8 expenses are excluded under the coordinating provision;

9 (4) states the claim period to be used in applying the coordinating  
10 benefits provision; a claim period may not be less than 12 months, but may exclude  
11 a period before coverage starts or after coverage ends;

12 (5) indicates the manner in which benefits are reduced by coordination;  
13 a reduction in benefits is subject to the following order of benefit provisions:

14 (A) plan benefits applicable to an insured as an employee,  
15 member, or subscriber, and also as a dependent, are first determined as benefits  
16 applicable to the insured as employee, member, or subscriber;

17 (B) if a minor is eligible for benefits as a dependent of more  
18 than one insured, the plan of the insured whose date of birth falls earlier in the  
19 year is applied first, unless a different order of application is required by a  
20 court;

21 (C) benefits not determined under this paragraph that are  
22 applicable under more than one plan are determined under that plan applicable  
23 to the insured for the longer period of time;

24 (D) when one of the plans is a medical plan and the other is a  
25 dental plan, and a determination cannot be made under the provisions of (A) -  
26 (C) of this paragraph, the medical plan shall be considered as the primary  
27 coverage;

28 (E) if under the provisions of (A) - (D) of this paragraph the  
29 plan is secondary to another source of benefits, the benefits of the plan may not  
30 be reduced unless the sum of benefits payable for allowable expenses and the  
31 benefits payable for allowable expenses under the other source exceed the

1 allowable expenses in a claim determination period;

2 (6) provides that the insurer has the right to receive and to release  
3 information necessary to expedite a claim payment when coordinating benefits;

4 (7) allows the insurer to make a payment necessary to repay another  
5 insurer for a payment that should have been made under the policy applicable to the  
6 insured; and

7 (8) gives the insurer the right to recover excess payments from the  
8 insured paid to another insurer providing benefits to the insured.

9 (c) In coordinating benefits from a plan that contractually reduces the fees for  
10 services that participating health care providers accept as payment in full, the following  
11 rules apply:

12 (1) when the reduced fee plan is the primary coverage and treatment  
13 is provided by a participating health care provider, the reduced fee is that health care  
14 provider's full fee; a secondary plan shall pay the lesser of its allowed benefit or the  
15 difference between the primary plan's benefit and the reduced fee;

16 (2) when the reduced fee plan is the primary coverage and treatment  
17 is provided by a nonparticipating health care provider, the reduced fee plan shall  
18 provide its allowed amount for nonparticipating health care providers and the  
19 secondary plan shall pay the lesser of

20 (A) its allowed benefit for the service;

21 (B) the difference between the primary plan's benefits for the  
22 service and the health care provider's full fee;

23 (3) when a full fee plan is the primary coverage and a reduced fee plan  
24 is secondary coverage, the full fee plan shall provide its allowed amount for the  
25 service and the secondary plan shall pay the lesser of its allowed benefit for the service  
26 or the difference between the primary plan's benefits and the health care provider's full  
27 fee.

28 (d) In coordinating benefits between an indemnity and a capitation plan, the  
29 following rules apply:

30 (1) when the capitation plan is the primary coverage, the capitation  
31 payments to the treating health care provider remain the capitation plan's usual

1 benefits: the indemnity plan shall pay benefits for the patient's surcharges or  
2 copayments up to the indemnity plan's allowable benefit;

3 (2) when the indemnity plan is the primary coverage and treatment is  
4 received from a health care provider who is participating in a capitation plan, the  
5 indemnity plan shall pay its allowable benefits; the capitation payments to the health  
6 care provider are secondary coverage;

7 (3) when the indemnity plan or policy is the primary coverage, and  
8 treatment is received from a health care provider who is not participating in a  
9 capitation plan, the indemnity plan shall pay its allowable benefits; the capitation plan  
10 shall pay benefits, in keeping with the capitation plan's allowed amount for treatment  
11 by nonparticipating health care providers;

12 (4) a plan may not contractually direct a health care provider to charge  
13 a secondary insurer for more than the amount that would be charged to the insured  
14 absent secondary coverage.

15 (e) A certificate indicating insurance coverage must contain a summary of the  
16 provisions in this section regarding coordination of benefits.

17 Sec. 21.89.110. DETERMINATION AND DISCLOSURE OF USUAL,  
18 CUSTOMARY, AND REASONABLE FEES. An insurer who pays a claim under a  
19 disability policy or an indemnity under a group or blanket disability insurance policy,  
20 a health maintenance organization that adopts a schedule of charges, or a hospital or  
21 medical service corporation that pays a subscriber or compensates a health care  
22 provider on the basis of a usual, customary, or reasonable fee or charge shall

23 (1) maintain and use a statistically credible profile of fees of health care  
24 providers in this state on which to base payment of the claim; the profile must (A) be  
25 updated at least once every six months and may not contain fees for services  
26 performed more than one year before the date of the most recent profile; (B) contain  
27 fees for the geographic area in which a claimant might receive treatment; and (C) may  
28 not include fees clearly marked "DO NOT PROFILE"; if statistically credible data for  
29 a particular health care service in a certain geographic area does not exist, the insurer  
30 may include in the profile a sufficient number of fees for that service from another  
31 geographic area in order to establish a reliable data base; however, the final basis for

1 payment must be adjusted to reflect the general cost difference between the geographic  
2 area where the service was performed and the other geographic area used in  
3 establishing the statistically credible profile; the adjustment may be based upon the  
4 Consumer Price Index, the medical care component of the Consumer Price Index, or  
5 a reasonable basis stated in writing and determined acceptable by the director;

6 (2) respond within 15 working days after receiving a written request  
7 from an insured, a health care provider with a valid assignment of payments, or a  
8 health care provider engaged to provide services under a professional services contract,  
9 with a full written disclosure of the methods employed under (1) of this section that  
10 resulted in the difference between the amount paid on a claim for benefits and the  
11 actual charges submitted; and

12 (3) disclose in a proposal for insurance, a policy of insurance, a  
13 certificate of insurance, an employee benefit description or supplemental document, or  
14 a professional service contract between an insurer and a health care provider

15 (A) the frequency with which the insurer determines the usual,  
16 customary, and reasonable fee;

17 (B) a general description of the methodology used to determine  
18 the usual, customary, and reasonable fee;

19 (C) the percentile of usual, customary, and reasonable fees at  
20 which the insurer will reimburse the insured, or the contract health care  
21 provider.

22 Sec. 21.89.120. DEFINITIONS FOR AS 21.89.100 - 21.89.120. In  
23 AS 21.89.100 - 21.89.120,

24 (1) "health care provider" has the meaning given in AS 21.58.400;

25 (2) "health care service" has the meaning given in AS 21.87.330;

26 (3) "plan" means a group or blanket disability policy issued under  
27 AS 21.54, small employer coverage issued under AS 21.56, evidence of coverage  
28 issued under AS 21.86, or a subscriber contract issued under AS 21.87;

29 (4) "professional services contract" includes a contract for professional  
30 services between a health care provider and insurer or health maintenance corporation,  
31 and a service contract between a health care provider and a hospital or medical service

1 corporation;

2 (5) "service corporation" has the meaning given in AS 21.87.330.

3 \* Sec. 10. Section 7, ch. 39, SLA 1993, is amended to read:

4 Sec. 7. AS 21.86.260(a) is repealed and reenacted to read:

5 (a) Except as provided in AS 21.89.100 - 21.89.120 and this chapter, this title  
6 does not apply to a health maintenance organization that obtains a certificate of  
7 authority under this chapter. This subsection does not apply to an insurer licensed  
8 under AS 21.09 or a hospital or medical service corporation licensed under AS 21.87  
9 except with respect to its health maintenance organization activities authorized by and  
10 regulated under this chapter.

11 \* Sec. 11. Section 9, ch. 39, SLA 1993, is amended to read:

12 Sec. 9. AS 21.87.340 is repealed and reenacted to read:

13 Sec. 21.87.340. OTHER PROVISIONS APPLICABLE. In addition to the  
14 provisions contained or referred to previously in this chapter, the following chapters  
15 and provisions of this title also apply with respect to service corporations to the extent  
16 applicable and not in conflict with the express provisions of this chapter and the  
17 reasonable implications of the express provisions, and for the purposes of the  
18 application the corporations shall be considered to be mutual "insurers":

19 (1) AS 21.03

20 (2) AS 21.06

21 (3) AS 21.09, except AS 21.09.090

22 (4) AS 21.18.010

23 (5) AS 21.18.030

24 (6) AS 21.18.040

25 (7) AS 21.18.120

26 (8) AS 21.21.321

27 (9) AS 21.36

28 (10) AS 21.42.345 - 21.42.365, 21.42.375, 21.42.380, and 21.42.385

29 (11) AS 21.51.120

30 (12) AS 21.53

31 (13) AS 21.54.020

- 1 (14) AS 21.69.400
- 2 (15) AS 21.69.520
- 3 (16) AS 21.69.600, 21.69.620, and 21.69.630
- 4 (17) AS 21.78
- 5 (18) AS 21.89.040
- 6 (19) AS 21.89.060 and 21.89.100 - 21.89.120
- 7 (20) AS 21.90.

8 \* **Sec. 12.** AS 21.86.070(e) and 21.86.070(f) are repealed.

9 \* **Sec. 13. APPLICABILITY.** Sections 6, 8, and 9 of this Act apply to a policy of  
 10 insurance, evidence of coverage under AS 21.86, or a service agreement or subscriber's  
 11 contract under AS 21.87, issued or renewed on or after the effective date of this Act.

12 \* **Sec. 14. HEALTH CARE PLAN ADVISORY COMMITTEE.** (a) The legislature finds  
 13 that it is necessary to have reliable information on the specific content and cost of any  
 14 proposed mandatory health care plan, before it can be taken to the public for review. The  
 15 legislature further finds that questions of a single payer system versus a multi payer system  
 16 for any mandatory coverage, and questions regarding inclusion or exclusion of certain groups  
 17 of Alaskans who are covered by other federal health insurance, are not prejudiced by the  
 18 direction given to the advisory committee created in this section.

19 (b) The Health Care Plan Advisory Committee is established in the Office of the  
 20 Governor. The committee consists of seven members who are appointed by the governor as  
 21 follows:

- 22 (1) one person with experience in providing health care services on an inpatient  
 23 basis;
- 24 (2) one person with experience in providing health care services on an  
 25 outpatient basis;
- 26 (3) one person with experience as a health care provider;
- 27 (4) one person who has experience in health care insurance; and
- 28 (5) three persons who represent the public.

29 (c) Notwithstanding any other provision of law, a committee member is subject to the  
 30 provisions of AS 39.50 as if the committee member were a member of a state commission or  
 31 board described under AS 39.50.200(b).

1 (d) A committee member is entitled to receive compensation at the rate of \$250 a day  
2 for each day spent in performing duties as a committee member and to travel and per diem  
3 expenses authorized by law for boards and commissions under AS 39.20.180.

4 (e) The committee may

5 (1) establish subcommittees;

6 (2) conduct hearings;

7 (3) employ personnel necessary to complete assigned duties;

8 (4) enter into contracts;

9 (5) subject to appropriation, expend money.

10 (f) By December 15, 1994, the committee shall report to the legislature on the scope  
11 of the health care insurance coverage and the cost of providing health care insurance if health  
12 care insurance were to be offered under the following conditions:

13 (1) participation is mandatory by all state residents; coverage shall include a  
14 spouse and dependent children;

15 (2) health care services that are covered must include preventive care and  
16 immunizations, prenatal care, children's health care, and catastrophic medical expense  
17 coverage;

18 (3) coverage shall be designed to impose a family deductible of \$3,000 for all  
19 covered health care services other than prenatal care, preventive care, and immunizations, and  
20 to allow reimbursement in a calendar year at not more than 80 percent for all covered health  
21 care services, other than prenatal care, preventive care, and immunizations, after the first  
22 \$3,000 in covered expenses; prenatal care, preventive care, and immunizations may be  
23 reimbursed at more than 80 percent for a covered expense; coverage for health care services  
24 that are offered on an outpatient basis shall provide reimbursement for outpatient health care  
25 services at a rate equal to or higher than the rate for inpatient services;

26 (4) premiums shall be set at a single rate for all covered individuals, except

27 (A) a surcharge for coverage of each dependent child or spouse may  
28 be imposed; a surcharge may not exceed 50 percent of the individual premium; it is  
29 the intent of the legislature that the premium be set at a rate that does not exceed \$100  
30 per month or 14 percent of the individual's monthly gross income, whichever is lower;

31 (B) premium rates are allowed to vary depending on whether the

1 individual smokes or any other factors within the control of an individual, and  
2 depending on whether the individual is less than 30 years of age; a premium may not  
3 vary under a community rating system, other than as specified in this section;

4 (5) a one-year exclusion for preexisting conditions for new enrollees is  
5 imposed; this paragraph does not apply to a person who has resided in the state for at least  
6 one year, or who is less than one year old and was born in this state.

7 (g) By December 15, 1995, the committee shall report to the legislature on

8 (1) the cost of providing health insurance coverage under the following  
9 conditions:

10 (A) coverage shall meet the conditions set out under (f)(1) - (5) of this  
11 section;

12 (B) additional medical benefits are included as recommended by the  
13 committee;

14 (C) it is the intent of the legislature that the premium be set at a rate  
15 that does not exceed \$150 per month or 14 percent of the individual's monthly gross  
16 income, whichever is lower;

17 (2) the effect of the following conditions assuming that insurance coverage as  
18 specified under (f) of this section is provided:

19 (A) premium payment is by payroll deduction, employer contribution,  
20 or a combination of employer contribution and payroll deduction;

21 (B) premium payment by an unemployed or self-employed person is  
22 by direct payment;

23 (3) assuming that the state requires all residents to participate in a state health  
24 insurance plan, changes necessary in existing provisions of law to

25 (A) allow integration of optional health insurance plans with the  
26 mandatory insurance plan; the integration should allow an individual or group to  
27 purchase supplemental insurance coverage without duplication of coverage; and

28 (B) discourage health insurance that reimburses covered benefits at a  
29 rate greater than 80 percent of the cost of the benefits;

30 (4) recommended legislation regarding public health issues;

31 (5) recommended legislation to simplify health care administration;

1 (6) recommended legislation regarding antitrust changes necessary to allow the  
2 use of pooled purchasing to reduce the cost of health care if required under federal law;

3 (7) recommended legislation to enact tort reform measures intended to reduce  
4 the cost of health care, including changes to statutes of limitation, contingent fee agreements,  
5 and to the Alaska Rules of Civil Procedure;

6 (8) recommended legislation regarding long-term health care, including  
7 methods to encourage individual savings for the cost of long-term health care;

8 (9) recommended legislation regarding how the state should educate residents  
9 on health care, including how to be a prudent consumer, increasing awareness of provider  
10 charges, and a curriculum that should be used in public schools in the state.

11 (h) By December 15, 1995, the committee shall recommend to the legislature  
12 legislation necessary to improve data collection used to control health care expenditures or to  
13 improve the efficiency of the health care system in the state.

14 (i) In this section, "health care provider" has the meaning given in AS 21.58.400.

15 \* **Sec. 15. PUBLIC HEALTH ADVISORY COMMITTEE.** (a) The Public Health  
16 Advisory Committee is established in the Office of the Governor. The committee consists of  
17 nine members with significant public health expertise who are appointed by the governor. The  
18 governor shall consider public and private health care professionals, labor organizations,  
19 businesses, the education system, the Alaska Public Health Association, the Alaska Mental  
20 Health Board, and the Alaska Native Health Board for service on the Public Health Advisory  
21 Committee, as well as recognizing the need for geographic, ethnic, and cultural diversity.

22 (b) A committee member is entitled to travel and per diem expenses authorized by law  
23 for boards and commissions under AS 39.20.180.

24 (c) The committee may

25 (1) establish subcommittees;

26 (2) conduct hearings;

27 (3) employ personnel necessary to complete assigned duties;

28 (4) enter into contracts;

29 (5) subject to appropriation, expend money.

30 (d) The committee shall

31 (1) advise the commissioner of health and social services, the commissioner

1 of administration, and the commissioner of commerce and economic development on public  
2 health matters;

3 (2) develop a public health improvement plan as described under (e) of this  
4 section.

5 (e) The plan developed by the committee may

6 (1) recognize the need for

7 (A) community involvement in health care planning and delivery;

8 (B) attention to local needs that may vary from place to place;

9 (C) accountability for the use of public funds;

10 (D) equity and stability in the distribution of public funds;

11 (E) shared responsibility of all levels of government for administering  
12 and financing public health care delivery; and

13 (F) coordination of basic public health services; and

14 (2) include

15 (A) an analysis of the health status of the residents of the state;

16 (B) an assessment of the most appropriate role for various levels of  
17 government to play in addressing the health care needs of the residents of the state;

18 (C) a delineation of the standards that should be used in assessment,  
19 policy development, and quality assurance in the delivery of public health services;

20 (D) documentation of the extent to which the current public health  
21 system implements or achieves the standards identified under (C) of this paragraph;

22 (E) identification of interjurisdictional issues involved in health care  
23 access and delivery;

24 (F) recommendations, including recommendations for specific  
25 legislative action when necessary, pertaining to the following:

26 (i) strategies, time lines, financial needs, and specific sources  
27 of stable revenue for bringing the state public health care system up to  
28 standards identified by the committee;

29 (ii) appropriate sharing of the responsibility of local, regional,  
30 state, and federal government entities to deliver public health care services  
31 efficiently and effectively, including recommendations for organization within

1 state government;

2 (iii) integration of the public health care system with state and  
3 national health care reform efforts;

4 (iv) the committee's estimate of the optimal share that public  
5 health should represent in the total health care delivery system of the state,  
6 expressed in terms of a percentage of health care dollars spent or in terms of  
7 public dollars per state resident;

8 (v) a program designed to give incentives to a primary health  
9 care provider to practice in the state, especially in rural and underserved areas  
10 of the state.

11 (f) In this section, "health care provider" has the meaning given in AS 21.58.400.

12 \* Sec. 16. Sections 14 and 15 of this Act are repealed June 30, 1996.

13 \* Sec. 17. This Act takes effect July 1, 1994.

Kelly MOVED

4/28/94 w/d

#1

**Amendment to SB 367 (Finance)**

Delete Sections 2, 5, and 7.

*Conceptual adopt House version  
'use file & use system'*

Add new Sub-Section G(10), Page 16, Line 11:

(10) recommended legislation regarding health insurance rate regulation and regulation of medical and dental service costs.

SENATE FINANCE  
COMMITTEE  
Amendment Number: 1  
Bill Number: SB 367  
Sponsor: \_\_\_\_\_ Date: 4/27/94  
Logged In By: BA

HEALTH INSURANCE RATE FILING REQUIREMENTS IN THE STATES

<u>State:</u>	<u>Citation:</u>	<u>Filing Requirement:</u>	<u>Applies to:</u>
Alabama	No provision		
Alaska	No provision		
Arizona	Reg.4-14-607	File and use	Individual health
Arkansas	§23-79-109	Prior approval (30 day deemer provision)	Individual health
California	§10290 tit.10 Reg.2213	File and use (30 days)	Individual health
Colorado	§10-16-107	File and use (30 days)	All health
Connecticut	§38a-481	File and use (30 days)	All health
Delaware	tit.18§§3333, 2504	File and use (90 days)	All health including Med Supp and HC/BS
District of Columbia	§35-517	File and use (30 days)	All health
Florida	Reg.4-58	File and use	All health
Georgia	§33-20-20	Prior approval	All health
Hawaii	No provision		
Idaho	§41-2136	File and use	Individual health
Illinois	I.C. §355	File and use	All health
Indiana	§27-8-5-1	File and use	All health
Iowa	Reg.191-36.9	File and use	All health including Med Supp
Kansas	§40-2215	File and use (30 days)	Individual health
Kentucky	§§304.17-380 to 304.17-383	Prior approval	Individual policies unless contain loss ratio guarantee
Louisiana	R.9.22:211	File and use	All health
Maine	24-A§2736	File and use (60 days)	Individual health Med Supp, LTC

Maryland	Reg. 9:30:44.02	File and use (90 days)	All health
Massachusetts	Ch. 175§10B	File and use (30 days)	All health
Michigan	§500.3474	File and use	Individual health
Minnesota	§62A.02	File and use (60 days)	All policies
Mississippi	Reg. L&GH 73-4	File and use	All health
Missouri	No provision		
Montana	No provision		
Nebraska	§44-710	File and use	All health
Nevada	§689A.360	File and use	Individual health
New Hampshire	§415:1	File and use (30 days)	All health
New Jersey	Reg. 11:4-18.1	File and use	Individual health
New Mexico	§59A-18-13	Prior approval	All health
New York	§3216	File and use	Individual health
North Carolina	§58-51-95 §50-51-85	File and use (90 days) File and use	All health Group health
North Dakota	§26.1-30-19	Prior approval (60 day deemer)	All health
Ohio	§3923.021	File and use (30 days)	All health
Oklahoma	tit. 36§4402	File and use	Individual health
Oregon	No provision		
Pennsylvania	§40-39-101	Prior approval	All health
Rhode Island	Reg. XXIII, Part XI	prior approval	All health
South Carolina	§38-71-310	Prior approval (90 day deemer)	Individual health
South Dakota	No provision		
Tennessee	§56-26-102	Prior approval (30 day deemer)	All health except experience rated groups
Texas	Art. 3.42	File and use	Individual health

Utah	Reg. R540-85	File and use	Individual health
Vermont	Title 8 §4062	File and use (30 days)	All health
Virginia	§38.2-316	File and use	All health
Washington	No provision		
West Virginia	§33-16B-1	Prior approval (60 day deemer)	All health
Wisconsin	§625.13	Use and file (30 days)	Individual health
Wyoming	§26-18-135	File and use	Individual health

Information supplied by NAIC Chart 7/92

**Public Policy Survey  
Individual Medical Insurance Market**

**AN INDUSTRY STUDY**



**Milliman & Robertson, Inc.**  
Actuaries and Consultants

For the period of 1987 through 1989, the individual medical insurance market experienced a net loss in that 1.5 times as many companies left the market as entered it.

Within the segments of the market, departures from the individual marketplace were most severe, with 2.1 times as many companies leaving as entering. While some of the individual marketplace departures represented a move to another product form, such as one-life group, the market has suffered a net loss in the number of companies.

The most frequent reasons given for a company ceasing to issue individual major medical policies were lack of profitability and mandated benefit regulation.

Rate regulation and the difficulty experienced by companies in getting rate approval appears to affect the market situation state by state. Observations include:

- Rate regulation and timeliness of rate increase approvals were the most frequent comments by Survey respondents about difficulties with state regulation. States with the authority to regulate rates had more company comments in total and per company than those that lacked such authority;
- States with the authority to regulate rates had relatively low growth in insureds and high growth in uninsureds;
- Of the six most competitive states, none have authority to regulate rates; of the six least competitive states, four have such authority. Of the 25 most competitive states, 17 do not have the authority to regulate premium rate levels, while of the 26 least competitive states, 13 do have such authority and two additional states review rate filings as though they have such authority.
- Two-thirds of the states with the authority to regulate rates have fewer than 10 companies issuing 500 or more policies per year, compared to two-thirds of the

## Differences between CSSB 367(HES) and proposed CSSB 367(FIN)

### **Deletions in CSSB 367(HES)**

All sections that violated the single subject rule which were identified by Legal Services were deleted. These include the crime of driving while intoxicated (secs. 15, 16, 17, and 18), increasing taxes on cigarettes (sec. 19), and the rate of interest on judgments or decrees (sec. 4).

All sections referring to arbitration (secs. 1, 2, 5, 27).

Changes to the expert advisory panel (sec. 6, 25, 28, 29, 30).

Deletion of the medical practice advisory committee (sec. 24).

### **Additions in proposed CSSB 367(FIN)**

Sets up the Public Health Advisory Committee in the Office of the Governor (sec. 15).

### **Changes in proposed CSSB 367(FIN)**

Composition of the Health Care Plan Advisory Committee. It still consists of seven members but has three persons who represent the public instead of two. (sec. 14)

Compensation of the members of the Health Care Plan Advisory Committee was dropped from \$400 to \$250 a day. (sec. 14)

# DIVISION OF LEGAL SERVICES

## LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

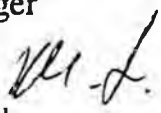
130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

### MEMORANDUM

April 28, 1994

**SUBJECT:** Sectional Summary of CSSB 367( ) ("X" version)

**TO:** Senator Steve Rieger

**FROM:** Michael F. Ford   
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

**Section 1.** Requires that civil action brought against a health care provider by a person who is on the date of the injury less than two years of age, must be brought by the person's eight birthday. Provides certain exceptions for this rule.

**Section 2.** Requires that a disability insurer must file rates and rating factors with the division of insurance at least 90 days before the intended effective date. Rates or rating factors not disapproved by the director of the division of insurance before the intended effective date are considered approved by the director.

**Section 3.**

Sec. 21.58.010. Requires that a health care provider prepare and make available to the public a price list of the 40 most commonly provided health care services.

Sec. 21.58.020. Requires development of a health care data system. Provides that the base year shall be calendar year 1995 and specifies that certain information may be included. Authorizes the commissioner of Commerce and Economic Development to adopt regulations to require health care providers to submit certain data and to pursue waivers from applicable federal law. Provides that information that identifies a recipient of health care services is confidential and an exception to the public inspection requirements of AS 09.25.120, except as provided under (e) of this section.

Sec. 21.58.030. Requires the director of the division of insurance to adopt by regulation uniform claims forms, uniform standards, and uniform procedures for processing health care billing data.

Sec. 21.58.040. Allows the legislature to appropriate the proceeds of the tax on insurance premiums to pay administrative costs of AS 21.58.

Sec. 21.58.400. Definitions.

**Section 4.** Technical amendment.

**Section 5.** Requires that a health maintenance organization file rates and rating factors with the division of insurance at least 90 days before the intended effective date. Rates or rating factors not disapproved by the director of the division of insurance before the intended effective date are considered approved by the director.

**Section 6.** Technical amendment.

**Section 7.** Requires that a hospital or medical service corporation file subscription rates and rating factors with the division of insurance at least 90 days before the intended effective date. Rates or rating factors not disapproved by the director of the division of insurance before the intended effective date are considered approved by the director.

**Section 8.** Technical amendment.

**Section 9.**

Sec. 21.89.100. Imposes requirements on coordination of benefits when an insured has coverage under two or more insurance plans.

Sec. 21.89.110. Requires certain insurers to maintain certain information on fees charged by health care providers and to disclose certain information related to the determination of the usual, customary and reasonable fees charged for health care services.

**Section 10.** Technical amendment.

**Section 11.** Technical amendment.

**Section 12.** Technical amendment.

**Section 13.** Applicability clause.

Senator Steve Rieger  
April 28, 1994  
Page 3

**Section 14.** Establishes a health care advisory committee in the office of the governor. Provides for membership, duties and powers of the committee.

**Section 15.** Establishes a public health advisory committee in the office of the governor. Provides for membership, duties and powers of the committee.

**Section 16.** Repealer.

**Section 17.** Effective date.

MFF:lmb  
94-131.lmb

To all Physicians — PLEASE READ THIS!!! If you live on the Hillside, PLEASE fax a short letter to Sen. Rieger at (fax) 465-2069 that you do NOT support the Alaska Health Care Data System. Thanks!  
It needs to go out Monday!! 4/22/94

Alaska Health Care Data System

Background

Health care bills have been flying all over Juneau this session, but there is an extremely dangerous one that has surfaced that should be of importance to all Alaska physicians. Embedded in Sen. Rieger's bill no. 367 (4/8/94) is a provision to create a monster State Computer Data System to track ALL patient information by health care providers.

This computer system would require physicians to fill out paper work to track not only "health care expenditures and demographic information", but clinical information including "patient diagnosis, type of provider, type of services, location and length of care, reference patterns, and result of care." (21.58.020)

This raises serious questions of invasion of privacy and misuse. Do Alaskans really want all their medical information and diagnoses in some huge state computer bank where it would be rife for misuse?

Furthermore, "information ... is considered to be ... a public health record subject to public inspection under AS 09.25.120." While the politicians claim this will be used only for health care financing decisions, it is but a short step to complete inspection of medical practice and private issues by bureaucrats.

More worrisome is the language that "the Commissioner may pursue waivers from applicable federal (privacy) law to the extent necessary to maximize this collection and analysis of health care data." (21.58.020(c))

The Department of Commerce has charge of this enormous system, and has placed an estimated fiscal price tag of \$72. million, so far unfunded.

Importance

Senator Rieger's bill went to the Senate Judiciary committee this week, where Senator Robin Taylor promptly removed the Health Care Data System. Unfortunately, it is being returned to the Senate Finance Committee on 4/28/94, where at the request of Sen. Rieger and Sen. Jim Duncan it is likely to be re-inserted.

It is interesting that in these days of short budgets, the politics are to begin the path to complete regulation of private health care with an extremely expensive computer system that we neither want nor need.

Please FAX your senator that you oppose the creation of the Alaska State Health Care Data System.

The senators who will be making the decision in the Senate Finance Committee are:

Sen. Bert Sharp	FAX 465-2070
Sen. Steve Frank	FAX 465-4714
Sen. George Jacko	FAX 465-2997
Sen. Drue Pearce	FAX 465-3872
Sen. Tim Kelly	FAX 465-3756

SB 36

4/28/94

18                   Sec. 21.58.020. HEALTH CARE DATA SYSTEM. (a) The Department of  
19                   Commerce and Economic Development shall develop and periodically update a health  
20                   care data system. To the extent practicable, the data system base year shall be  
21                   calendar year 1995 and the system may include

22                   (1) health care expenditures, including capital expenditures associated  
23                   with receiving health care;

24                   (2) demographic data;

25                   (3) clinical information, including patient diagnoses, type of provider,  
26                   type of service, location and length of care, referral patterns, quality of care, and result  
27                   of care;

28                   (4) billing and payment data; and

29                   (5) public health data, including vital statistics and health status.

30                   (b) The commissioner may, by regulation, require health care providers to  
31                   submit claims data and additional information necessary to develop or update the data

SH0367b

-9-

CSSB 367(HHS)

New text Underlined (DELETED TEXT BRACKETED)

1                   system required under (a) of this section.

2                   (c) The commissioner may pursue walkers from applicable federal law or from  
3                   federal agencies to the extent necessary to maximize the collection and analysis of  
4                   health care data.

5                   (d) Information and data obtained or produced by the director under this  
6                   section are subject to the disclosure requirements and exceptions of AS 09.25.110 and  
7                   09.25.120 and the regulations adopted under those statutes. Information or data  
8                   identifying a recipient of health care services is considered to be a medical and related  
9                   public health record subject to the exception to public inspection under AS 09.25.120  
10                   and, except as provided under (c) of this section, shall be kept confidential as a matter  
11                   of law. A person who wrongfully discloses or who uses or permits the use of  
12                   confidential information or data in violation of this subsection is guilty of a class B  
13                   misdemeanor.

NORTHWEST MEDICAL  
PROFESSIONAL CORPORATION  
2841 DeBarr Road, Suite 22 • Anchorage, Alaska 99508  
Phone: (907) 276-6301

Vernon A. Cates, M.D.  
*General Practice*

John W. Gerster, M.D.  
*Internal Medicine*

Robert D. Hanek, M.D.  
*Family Practice*

fax: (907) 274-1541

Alexander T. Baskous, M.D.  
*Family Practice*

J.C. Cates, D.O.  
*Family Practice*

27-Apr-94

Dr. Donald Lehmann  
700 Katlian Dr, Suite E  
Sitka, AK 99835

Dear Dr. Lehmann:

Don Rogers asked that I communicate this information to you on the proposed vast "Alaska Health Care Data System".

I had thought when I was in Juneau all last week that I had finally taken care of this, but unfortunately it has arisen from the dead and is likely to be re-inserted into SB 367 when it comes out of Senate Finance. As of noon today, the bill had not yet been considered, but is likely first on the Senate Finance agenda at 8:30 tomorrow morning (Thurs.).

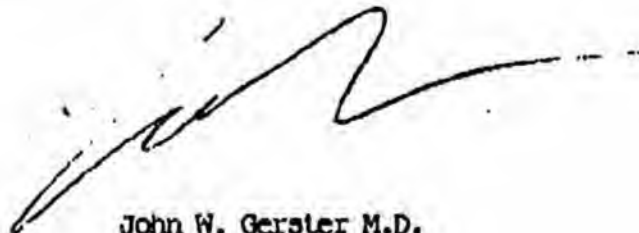
I am amazed how little play this enormous data system has received in the press. Commissioner Fuhs assured me personally that the fiscal estimate of \$72 million is accurate, yet Sens. Frank and Rieger have literally laughed at the cost, and are determined to re-insert the Data System in the health care bill. (I think they owe a favor to Jim Duncan.)

Not only would the paper work be a huge hassle for physicians, but do Alaskans really want some monster computer in Juneau containing their diagnoses, referral patterns, and result of care?

I am writing to you in the hope that the Medical Society may be able to at least communicate to the Senators involved by first thing tomorrow; I fear that this will get rammed through with little or no debate.

Please read the information, and feel free to call me today to discuss it.  
Office: 276-6301 Home: 346-3370

Thanks.



John W. Gerster M.D.

JWG/hs

# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. CSSB 367 (JUD)

Revision Date:

Title: Health Care Reform Committees

Dept. Affected: Revenue

BRU: Revenue Operations

Component: Income and Excise Audit

Sponsor: (S) HES

Requestor: (S) JUD

COMPONENT SERIAL NO. 113

*new  
FN*

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY	FY97	FY98	FY99	FY00
PERSONAL SERVICES					
TRAVEL					
CONTRACTUAL					
SUPPLIES					
EQUIPMENT					
LAND & STRUCTURES					
GRANTS, CLAIMS					
MISCELLANEOUS					
<b>TOTAL OPERATING</b>		0.0	0.0	0.0	0.0

<b>CAPITAL</b>					
----------------	--	--	--	--	--

<b>REVENUE FUND SOURCE: General</b>		0.0	0.0	0.0	0.0	0.0	0.0
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**FUNDING:**

(Thousands of Dollars)

1002 Federal Receipts					
1003 GF Match					
1004 GF					
1005 GF/Program Receipts					
1006 GF/MHTIA					
Other					
<b>TOTAL</b>		0.0	0.0	0.0	0.0

**POSITIONS:**

FULL-TIME					
PART-TIME					
TEMPORARY					

Estimate of current year (FY94) impact: \$ 0.0

**ANALYSIS:** (Attach a separate page if necessary.)

This bill does not impact Department of Revenue.

Prepared by: Larry E. Meyers  
 Division: Director  
 Approved by Commissioner: Darrel J. Rexwinkel  
 Agency: Department of Revenue

Phone: 465-2320  
 Date: April 25, 1994  
 Date: April 25, 1994

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STATE OF ALASKA  
1994 LEGISLATIVE SESSION

FISCAL NOTE

BILL NO.: CSSB 367(JUD)

Revision Date: 4/25/94

Dept. Affected:

Corrections

Title: Health Care Reform

BRU:

All

Sponsor: S. HESS

Component:

All

Requestor: S. JUD

Component Serial #:

694-1884

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXP.	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXP	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY94) cost \$ 0.0

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: The Senate Judiciary version of the bill deletes the provisions for lowering DWI blood alcohol limit to .08%, upon which the expenses in the department's prior fiscal note were based.

Prepared by: Diane Schenker, Special Assistant  
 Division: Office of the Commissioner  
 Approved by: J. Frank Prewitt, Jr., Commissioner  
 Agency: Department of Corrections

*(Handwritten signatures and initials)*

Phone: 465-4643/786-2147  
 Date: 4/25/94  
 Date: 4/25/94  
 Page 1 of 1

FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. CSSB 367 (JUD)

Revision Date: \_\_\_\_\_

Title: "An Act relating to Health Care..."

Sponsor: Senate HESS

Requestor: \_\_\_\_\_

Department Affected: Office of the Governor

BRU: Commissions and Special Offices

Component: Health Care Plan/Medical Practice

Advisory Committees \_\_\_\_\_

COMPONENT SERIAL NO. \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	246.6	344.4				
TRAVEL	53.5	55.9				
CONTRACTUAL	209.0	245.9				
SUPPLIES	4.5	6.0				
EQUIPMENT	72.6	1.0				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>586.2</b>	<b>653.2</b>				

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

FUND SOURCE

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	586.2	653.2				
1006 GF/MHTIA						
OTHER						
<b>TOTAL</b>	<b>586.2</b>	<b>653.2</b>				

POSITIONS

FULL-TIME	6	6				
PART-TIME						
TEMPORARY						

Estimate of any current year (FY94) cost: 0

ANALYSIS: (Attach a separate page if necessary.)  
See attached

Prepared by: Michael A. Nizich, Director  
Division: Division of Administrative Services

Phone: 465-3616  
Date: 4/25/94

Approved by Commissioner: Patrick P. Ryan, Chief of Staff  
Agency: Office of the Governor

Date: 4/25/94

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Travel - continued

Honorarium:

committee members receive \$100/day honorarium

Health Care Plan Advisory Committee:

	FY95	FY96
assumes 2 day meetings	5,600	7,000
8 teleconferences	1,600	1,600

Medical Practices Advisory Committee:

	FY95	FY96
assumes 2 day meetings	3,200	2,400
3 teleconferences	400	800

Medical Practices Advisory subcommittees:

	FY95	FY96
assumes 2 day meetings	3,200	3,200

Contractual:

209.0      245.9

Professional Services:

	FY95	FY96
consulting actuary	10,000	10,000
legal services	70,000	70,000

Contractual costs per position:

	FY95	FY96
toll costs, postage, fax, utilities, etc.	54,500	70,400

Communications:

Health Care Plan Advisory Committee:  
statewide teleconferences for public hearings

	FY95	FY96
teleconferences	28,000	28,000

FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. CSSB 367 (JUD)

Revision Date: \_\_\_\_\_  
Title: "An Act relating to Health Care..."  
Sponsor: Senate HESS  
Requestor: \_\_\_\_\_

Department Affected: Office of the Governor  
BRU: Commissions and Special Offices  
Component: Health Care Plan/Medical Practice  
Advisory Committees: \_\_\_\_\_  
COMPONENT SERIAL NO. \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	246.6	344.4				
TRAVEL	53.5	55.9				
CONTRACTUAL	209.0	245.9				
SUPPLIES	4.5	6.0				
EQUIPMENT	72.6	1.0				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>586.2</b>	<b>653.2</b>				

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

FUND SOURCE

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	586.2	653.2				
1006 GF/MHTIA						
OTHER						
<b>TOTAL</b>	<b>586.2</b>	<b>653.2</b>				

POSITIONS

FULL-TIME	6	6				
PART-TIME						
TEMPORARY						

Estimate of any current year (FY94) cost: 0

ANALYSIS: (Attach a separate page if necessary.)  
See attached

Prepared by: Michael A. Nizich, Director  
Division: Division of Administrative Services

Phone: 465-3616  
Date: 4/25/94

Approved by Commissioner: Patrick P. Ryan, Chief of Staff  
Agency: Office of the Governor

Date: 4/25/94

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Fiscal note reflects costs related to the Health Care Plan Advisory and Medical Practices Advisory Committees to June 30, 1996, repeal date of the enabling legislation per Sec. 31 of the bill. Fiscal note further assumes staff will serve both committees.

	FY95	FY96
Personal Services:	246.6	344.4

Personal services costs reflect 9 months in FY95, 12 months with merit increases in FY96.

- 1 Executive Director, Rg 23
- 3 Research Analysts, Rg 18
- 1 Administrative Assistant, Rg 12
- 1 Clerk, Rg 10

Travel:	53.5	55.9
---------	------	------

Health Care Plan Advisory Committee:  
(7 members)  
assumes 4 meetings FY95, 5 meetings FY96

	FY95	FY96
airfare/per diem	11,200	14,000

Medical Practices Advisory Committee:  
(4 members)  
assumes 4 meetings FY95, 3 meetings FY96

	FY95	FY96
airfare/per diem	8,400	6,300

Medical Practices Advisory subcommittees:  
assumes 8 subcommittee meetings each fiscal year

	FY95	FY96
airfare/per diem	11,200	11,200

Staff travel:

meetings related travel and 3 out-of-state trips

	FY95	FY96
airfare/per diem	8,700	9,400

## Travel - continued

## Honorarium:

committee members receive \$100/day honorarium

## Health Care Plan Advisory Committee:

	FY95	FY96
assumes 2 day meetings	5,600	7,000
8 teleconferences	1,600	1,600

## Medical Practices Advisory Committee:

	FY95	FY96
assumes 2 day meetings	3,200	2,400
3 teleconferences	400	800

## Medical Practices Advisory subcommittees:

	FY95	FY96
assumes 2 day meetings	3,200	3,200

## Contractual:

209.0      245.9

## Professional Services:

	FY95	FY96
consulting actuary	10,000	10,000
legal services	70,000	70,000

## Contractual costs per position:

	FY95	FY96
toll costs, postage, fax, utilities, etc.	54,500	70,400

## Communications:

Health Care Plan Advisory Committee:  
statewide teleconferences for public hearings

	FY95	FY96
teleconferences	28,000	28,000

Contractual - continued

Medical Practices Advisory Committee:  
statewide teleconferences for public hearings

	FY95	FY96
teleconferences	7,000	14,000

Advertising:

	FY95	FY96
Public notice for meetings and public hearings:	21,000	22,000

Lease Space:

	FY95	FY96
175 sq.ft. per position x \$1.80 sq. foot	17,000	26,700
facility rental for meetings	1,500	4,800

<b>Supplies:</b>	4.5	6.0
1.0 per position		

<b>Equipment:</b>	72.6	1.0
work stations, phones, computer equipment @ 12.1 per position		

# FISCAL NOTE

No. 1  
 Bill Version: SB 3107  
 (S) Publish Date: 4-8-94

**STATE OF ALASKA  
 1994 LEGISLATIVE SESSION**

**BILL #**

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
 Title: Health Care Reform Committees BRU: Revenue Operations  
 Component: Income and Excise Audit  
 Sponsor: (S) HES  
 Requestor: (S) HES COMPONENT SERIAL NO. 113

**Expenditures/Revenues: (Thousands of Dollars)**

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE FUND SOURCE: General	5,397.5	5,397.5	5,397.5	5,397.5	5,397.5	5,397.5
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**FUNDING: (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ 0.0

**ANALYSIS: (Attach a separate page if necessary.)**

(See Attached)

Changes in CSB 3107 (HES)  
 reflect NO FISCAL CHANGE from the original  
 fiscal note. This fiscal note is appropriate.

4/8/94 Dalley  
 date Committee (initial)

Prepared by: Larry E. Mevers Phc #: 465-2320  
 Division: Director Date: March 25, 1994  
 Approved by Commissioner: Darrel J. Rexwinkel Date: March 25, 1994  
 Agency: Department of Revenue

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**Bill Analysis**

This bill relates to health care and insurance for health care.

Section 12 of this bill pertains to Department of Revenue in that it increases the current cigarette tax rate by 5 mills from 14.5 to 19.5 mills. Note that the total mill rate includes 2.5 mills assessed for the School Fund under AS 43.50.090.

	<b>Current Tax Rate</b>	<b>SB 367 Tax Rate</b>	<b>% Increase</b>
Cigarettes	14.5 mills* (29¢/pack)	19.5 mills* (39.0¢/pack)	35%

\* Includes 2.5 mills assessed under AS 43.50.090.

The tax increase becomes effective July 1, 1994 under this bill.

**Operating Costs**

This bill will not affect the Department's operating costs because amendments made under this bill increase the cigarette tax rate only. Department of Revenue will revise its forms to reflect the increased tax rate.

**Revenue**

In determining the amount of additional revenue generated from this bill, Department of Revenue used consumption data available from FY 93. Amounts below do not reflect impacts on consumption, if any, due to increased tax rates and other factors. Additional revenue generated from this bill is estimated to be \$5,397,500 calculated as follows.

<b>FY93 Consumption</b>	<b>FY 93 Revenue</b>	<b>SB 367 Revenue</b>	<b>Additional Revenue</b>
1,079,500,000	\$15,652,800	\$21,050,300	\$5,397,500

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

FISCAL NOTE

Vol. 2  
Bill Version: CSSB 367 (HES)  
(S) Publish Date: 4/15/94

Revision Date:	_____	Dept. Affected:	Corrections
Title:	Health Care Reform and .08 Level for OMVI	BRU:	All
Sponsor:	S. HESS	Component:	All
Requestor:	S. JUD	Component Serial #:	694-1884

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXP.	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	81.4	83.8	86.3	88.9	91.6	94.4
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS/CLAIMS						
MISCELLANEOUS	328.5	338.4	348.5	359.0	369.7	380.9
<b>TOTAL OPERATING</b>	<b>409.9</b>	<b>422.2</b>	<b>434.8</b>	<b>447.9</b>	<b>461.3</b>	<b>475.3</b>

CAPITAL EXP	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE

1002 Federal Receipts						
1003 GF Match						
1004 GF	147.1	151.4	156.0	160.7	165.5	170.5
1005 GF/Program Receipts	262.8	270.7	278.8	287.2	295.7	304.7
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>409.9</b>	<b>422.2</b>	<b>434.8</b>	<b>447.9</b>	<b>461.3</b>	<b>475.3</b>

Estimate of any current year (FY94) cost \$ 0.0

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: Please see the attached explanation.

Prepared by: Diane Schenker, Special Assistant  
 Division: Office of the Commissioner  
 Approved by: J. Frank Prewitt, Jr., Commissioner  
 Agency: Department of Corrections

Phone: 465-4643/786-2147  
 Date: 4/12/94  
 Date: 4/12/94  
 Page 1 of 3

The bill lowers the blood alcohol limit for the crime of DWI, from .10 to .08 percent.

Assumptions

1. According to the National Highway Traffic Safety Administration, a study of five other states indicates an average increase in DWI cases of approximately 3.9% as a result of lowering the limit from .10 to .08. On 12/31/93 there were 130 inmates incarcerated for DWI, statewide. However, the department has been informed by the Anchorage district court that, beginning in May, 1995, offenders will be remanded either immediately or within three months instead of being allowed to wait for available bedspace. Most of the offenders allowed to await bedspace have been DWIs. This policy decision is expected to double the number of DWI offenders incarcerated per day during FY95. Therefore, the average daily population of 130 is doubled to an expected 260.

A 3.9 percent increase in this population would raise the DWI population by 10 inmates, or 3,650 inmate-days per year ( $10 \times 365 = 3,650$ ).

2. The cost per day to incarcerate the average DWI case is \$90. The department calculated this cost by using the cost of Community Residential Center (CRC) beds and state correctional beds actually used to incarcerate DWIs last year. Generally, DWI cases are housed in state correctional centers only in unsentenced status or in locations where no CRC is available.

3. A recent change in law requires DWI offenders to pay for some of the costs of incarceration: Regulations require a first-time DWI offender to pay \$270, and a second-time offender to pay \$1,000. The Department of Law, which is expected to collect the fees, expects to collect approximately 80% of the fees, through voluntary compliance and by taking Permanent Fund Dividends. It is expected that the fees will offset costs only for first and second-time offenders.

4. *The Department of Law has recently informed the department that it will require an RSA for approximately \$81.4 to perform the collector function. If this amount is not funded, the department will not have the resources to collect the DWI fees and the full costs of incarceration would have to be funded by general funds instead of program receipts.*

5. The legislation only affects DWIs charged under state statute. DWIs charged under local city ordinances will remain at the .10 level unless the local laws are changed. It is estimated that over half of the DWIs incarcerated in the state correctional system are from Anchorage, charged under city law.

6. Increases in DWI cases may have a "ripple effect" on other crimes, such as Failure to Appear, Failure to Satisfy Judgment, and Driving With License Suspended/Revoked. The department notes that misdemeanants are the fastest-growing incarcerated population. It is assumed that this factor could double the number of additional inmates referenced in Assumption 1. However, it is assumed that Assumption 5 will offset this, since half the DWI population comes from Anchorage on municipal, rather than state, charges.

7. National studies suggest that this type of legislation may reduce the number of traffic fatalities. This could result in some lessening of prisoner-days served for vehicular homicides. This may help offset the costs not reflected in the fiscal note, such as the costs for third-time or higher offenders who cannot pay the costs of incarceration through fees.

8. The costs of incarceration are reflected under "miscellaneous" because some expenses will be incurred in individual institutions, some in CRC contracts, and some in department overhead for administering contracts and providing support services for institutions.

9. A 3% inflation factor is assumed.

#### Operating Expenses

3,650 inmate-days per year X \$90 per day = \$ 328,500 total expense, FY95

80% (DWI fee collection rate) of \$ 166,590 = \$ 262,800 GF/Program Receipts, FY95

\$328,500 - \$262,590 = \$ 65,910 GF, FY95

Plus \$81.4, contractual (GF), for RSA to Department of Law to collect fees

No. 3

Bill Version: CSSB 367 (HESS)

(S) Publish Date: 4/15/94

FISCAL NOTE

BILL

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_

Title: "An Act relatinn to Health Care..."

Sponsor: Senate HESS

Requestor: \_\_\_\_\_

Department Affected: Office of the Governor

BRU: Commissions and Soecial Offices

Component: Health Care Plan/Medical Practice

Advisory Committees \_\_\_\_\_

COMPONENT SERIAL NO. \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	246.6	344.4				
TRAVEL	95.5	100.9				
CONTRACTUAL	209.0	245.9				
SUPPLIES	4.5	6.0				
EQUIPMENT	72.6	1.0				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>628.2</b>	<b>698.2</b>				

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

FUND SOURCE

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	628.2	698.2				
1006 GF/MHTIA						
OTHER						
<b>TOTAL</b>	<b>628.2</b>	<b>698.2</b>				

POSITIONS

FULL-TIME	6	6				
PART-TIME						
TEMPORARY						

Estimate of any current year (FY94) cost: 0

ANALYSIS: (Attach a separate page if necessary.)

See attached

Prepared by: Michael A. Nizich, Director

Division: Division of Administrative Services

Approved by Commissioner: Patrick P. Ryan, Chief of Staff

Agency: Office of the Governor

Phone: 465-3616

Date: 4/13/94

Date: 4/13/94

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Travel - continued

Honorarium:

committee members receive \$400/day honorarium

Health Care Plan Advisory Committee:

	FY95	FY96
assumes 2 day meetings	22,400	28,000
8 teleconferences	6,400	6,400

Medical Practices Advisory Committee:

	FY95	FY96
assumes 2 day meetings	12,800	9,600
3 teleconferences	1,600	3,200

Medical Practices Advisory subcommittees:

	FY95	FY96
assumes 2 day meetings	12,800	12,800

Contractual:

209.0      245.9

Professional Services:

	FY95	FY96
consulting actuary	10,000	10,000
legal services	70,000	70,000

Contractual costs per position:

	FY95	FY96
toll costs, postage, fax, utilities, etc.	54,500	70,400

Communications:

Health Care Plan Advisory Committee:  
statewide teleconferences for public hearings

	FY95	FY96
teleconferences	28,000	28,000

SENATE COMMITTEE REPORT

DATE: 4/8/94

FURTHER: Finance

DATE TURNED INTO OFFICE: 4/25/94

Judiciary Committee considered SENATE BILL NO. 367

Relating to health care and insurance; efd.

and recommends it be replaced with

and recommends:

replace with \_\_\_\_\_ CS SB 367 (J40)  
 or  adopt previous \_\_\_\_\_ CS \_\_\_\_\_  
 attaches amendment(s)

same title  
 new title  
 technical title change (HB only)

and report it back as follows

adopts \_\_\_\_\_ Letter of Intent  
 further referral to the \_\_\_\_\_

- do pass
- do not pass
- no recommendation
- individual recommendations

*FN Y  
 OPM*

NEW FISCAL NOTES

Department	Date	Zero	Fiscal
REV			<input checked="" type="checkbox"/>
COLLECTIONS		<input checked="" type="checkbox"/>	
GOV			<input checked="" type="checkbox"/>

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

DO PASS:

OTHER RECOMMENDATIONS:

- ② Suzanne Little Do Not Pass
- ③ Rich Halford NO REC
- ③ ~~By [unclear]~~ NO REC.
- ① Dennis L. Taylor Do Pass

Chair: Signature and Recommendation

**SENATE COMMITTEE REPORT**  
FIRST COMMITTEE OF REFERRAL

*Just*

DATE: 3/24/94

FURTHER: Judiciary  
Finance

Date of 5-Day Notice: 3/24/94  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 4/7/94

HESS Committee considered SB 367

Relating to health care and insurance for health care; to rates and rating factors and civil actions against health care providers; amending Alaska Rules of Civil Procedure and Evidence; efd.

and recommends:

replace with \_\_\_\_\_ CS SB 367 (HES)

same title  
 new title  
 technical title change  
(HB only)

attaches amendment(s)

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

do pass

do not pass

no recommendation

individual recommendations

*FN*

FISCAL NOTE INFORMATION

Department	Date	Zero	Fiscal
Revenue	3/25/94		✓
HSS/ Gov			✓

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

Governor's Bill with Previous Fiscal Notes (enter information above)

DO PASS: Mike Miller

OTHER RECOMMENDATIONS:

Alaska - Do NOT PASS  
Ph Ellis - Do Not Pass - constitutionally flawed & not comprehensive  
Best chance of No Rec  
J. Drew - Human Amend to limit basic plan to non-elective procedure

Steve Ray Do Pass  
Chair: Signature and Recommendation