

**HB**

**538**

STATE COMMITTEE REPORT

DATE: 4/12/94

FURTHER: L&C

DATE TURNED INTO OFFICE: 5/5/94

HESS Committee considered CS FOR HOUSE BILL NO. 538(L&C)

"An Act relating to uniform claims forms, uniform standards, and uniform procedures for processing data relating to billing and payment of health care services; and providing for an effective date."

and recommends:

- replace with S CS CS HB 538 (HES)
- 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

NEW FISCAL NOTES

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal
Commerce Econ Dev	3/29/94	✓	

Appropriation No Fiscal Note

DO PASS:

\_\_\_\_\_

*Ben Thompson*

\_\_\_\_\_

*Judith E. Salo*

\_\_\_\_\_

OTHER RECOMMENDATIONS:

*Mik Miller* No Rec

\_\_\_\_\_

*Andrew A. Lemmon* No rec

\_\_\_\_\_

*Steve R. Do Pass*

\_\_\_\_\_

Chair: Signature and Recommendation

8-LS1840J  
Ford  
5/2/94

**SENATE CS FOR CS FOR HOUSE BILL NO. 538(HES)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
EIGHTEENTH LEGISLATURE - SECOND SESSION**

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

Offered:  
Referred:

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

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to uniform claims forms, uniform standards, and uniform  
2 procedures for processing data relating to billing and payment of health care  
3 services; relating to the Comprehensive Health Insurance Association and to health  
4 insurance provided to residents of the state who are high risks; and providing  
5 for an effective date."

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

7 \* Section 1. AS 21.06 is amended by adding a new section to read:

8           Sec. 21.06.085. UNIFORM DATA AND PROCEDURES FOR HEALTH  
9 CLAIMS. (a) The director shall adopt by regulation uniform claims forms, uniform  
10 standards, and uniform procedures for the processing of data relating to billing for and  
11 payment of health care services provided to state residents. A health insurer shall use  
12 the uniform claims forms and comply with the uniform standards and procedures  
13 established under this section.

1 (b) In this section,

2 (1) "health care services" has the meaning given in AS 21.86.900;

3 (2) "health insurance" has the meaning given "disability insurance" in  
4 AS 21.12.050;

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

9 \* Sec. 2. AS 21.55.010 is amended to read:

10 Sec. 21.55.010. CREATION; MEMBERSHIP. There is established a nonprofit  
11 incorporated legal entity to be known as the Comprehensive Health Insurance  
12 Association. Membership consists of all licensed hospital or medical service  
13 corporations in the state that offer subscriber contracts for major medical coverage, all  
14 health maintenance organizations or other managed care arrangements approved  
15 by the director, and all insurers licensed to transact health insurance in the state that  
16 offer policies for major medical coverage on an expense incurred basis. All members  
17 shall maintain membership in the association as a condition of doing health insurance  
18 business, or being able to offer subscriber contracts or enrollment in a health  
19 maintenance organization or managed care arrangement, in the state.

20 \* Sec. 3. AS 21.55.100 is amended by adding a new subsection to read:

21 (d) The association may make available to residents who are high risks  
22 coverage through a health maintenance organization or other managed care  
23 arrangement as approved by the director.

24 \* Sec. 4. AS 21.55.120(c) is amended to read:

25 (c) Except as provided in (e) of this section, the [THE] sum of the  
26 deductible and copayments required in any calendar year under a plan may not exceed  
27 a maximum limit of \$2,000 per covered individual. Covered expenses incurred after  
28 the applicable maximum limit has been reached shall be paid at the rate of 100 percent  
29 of usual, customary, reasonable, or prevailing charges, except that expenses incurred  
30 for treatment of mental and nervous conditions shall be paid at the rate of 50 percent.  
31 The \$2,000 maximum shall be adjusted yearly to correspond with the change in the

1 medical care component of the Consumer Price Index as adjusted by the director.

2 \* Sec. 5. AS 21.55.120 is amended by adding a new subsection to read:

3 (e) In addition to the deductible, copayment, and applicable maximums  
4 described in this section, other deductible, copayment, or maximum limits may be  
5 offered if approved by the director.

6 \* Sec. 6. AS 21.55.150(b) is amended to read:

7 (b) The association shall use separate scales of premium rates based on age  
8 and geographic location of the insured. The association may use separate scales of  
9 premium rates based on other factors, including use or nonuse of tobacco, if  
10 approved by the director.

11 \* Sec. 7. AS 21.55.300 is repealed and reenacted to read:

12 Sec. 21.55.300. ELIGIBILITY FOR STATE HEALTH INSURANCE. (a)  
13 Except as provided in this section, a state resident who is a high risk is eligible to  
14 enroll in a state plan described in AS 21.55.100.

15 (b) A person may not be covered by the state plan

16 (1) while covered by another health insurance policy or subscriber  
17 contract; or

18 (2) if the person is eligible to be covered by a plan subject to the  
19 requirements of AS 21.56.110 - 21.56.250.

20 (c) Upon ceasing to be a resident, a person is not eligible to purchase or renew  
21 coverage under a state plan, but previously purchased coverage remains in effect for  
22 the period covered by payments made while a resident.

23 (d) Additional eligibility requirements for enrollment in a state plan may be  
24 imposed if approved by the director.

25 \* Sec. 8. AS 21.55.310 is amended to read:

26 Sec. 21.55.310. ENROLLMENT BY AN ELIGIBLE PERSON. A person may  
27 enroll in a state plan by applying to the writing carrier. The application must include  
28 the following:

29 (1) name, address, age, and length of residency of the applicant;

30 (2) a designation of the plan desired, including deductible option  
31 chosen;

- 1 (3) information relevant to whether the person is a high risk; and  
2 (4) pavment of the first premium.

3 \* Sec. 9. AS 21.55.320 is amended to read:

4 Sec. 21.55.320. WRITING CARRIER'S RESPONSE. Within 30 days after  
5 receiving the certificate described in AS 21.55.310, the writing carrier shall either  
6 reject the application for failing to comply with the requirements of AS 21.55.300 and  
7 21.55.310 or forward the eligible person a notice of acceptance [AND BILLING  
8 INFORMATION].

9 \* Sec. 10. AS 21.55.400 is amended to read:

10 Sec. 21.55.400. DUTIES OF DIRECTOR. The director may

11 (1) approve the selection of the writing carrier by the association and  
12 approve the association's contract with the writing carrier, including the coverages and  
13 premiums to be charged;

14 (2) contract with the federal government or another unit of government  
15 to ensure coordination of the state plans with other governmental assistance programs;

16 (3) undertake directly or through contracts with other persons studies  
17 or demonstration programs to develop awareness of the benefits of this chapter; and

18 (4) formulate general policy, adopt regulations that are reasonably  
19 necessary to administer this chapter.

20 \* Sec. 11. AS 21.55 is amended by adding a new section to read:

21 Sec. 21.55.420. BOARD MEMBER CIVIL AND CRIMINAL IMMUNITY.

22 A member of the board of directors of the association may not be held civilly or  
23 criminally liable for an act or omission if the act or omission was in good faith and  
24 within the scope of the director's duties under this chapter.

25 \* Sec. 12. AS 21.55.500(10) is amended to read:

26 (10) "residents who are high risks" means residents who

27 (A) have been rejected for medical reasons after applying for  
28 a subscriber contract, a policy of health insurance, or a Medicare supplement  
29 policy by at least two association members within the six months immediately  
30 preceding the date of application for a state plan; medical reasons may include  
31 preexisting medical conditions, a family history that predicts future medical

1 conditions, or an occupation that generates a frequency or severity of injury or  
2 disease that results in coverage not being generally available; [OR]

3 (B) have had a restrictive rider placed on a subscriber contract,  
4 a health insurance policy, or a Medicare supplement policy that substantially  
5 reduces coverage; or

6 (C) meet other requirements adopted by regulation by the  
7 director that are consistent with this chapter and that indicate that a  
8 person is unable to obtain coverage substantially similar to that which may  
9 be obtained by a person who is considered a standard risk;

10 \* Sec. 13. By July 1, 1995, the director of the division of insurance shall adopt regulations  
11 necessary to implement the uniform claim form required under AS 21.06.085, added by sec. 1  
12 of this Act.

13 \* Sec. 14. This Act takes effect July 1, 1994.

# HEALTH. EDUCATION AND SOCIAL SERVICES COMMITTEE

ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES



STATE CAPITOL, JUNEAU 99801  
(907) 465-3759

CS HB 538 (L&C)

**An Act relating to uniform claims forms, uniform standards, and uniform procedures for processing data relating to billing and payment of health care services.**

This bill would give the Division of Insurance the ability to adopt, by regulation, uniform insurance claims forms.

This piece of legislation was derived from HB 414, the governor's comprehensive health care bill. While there is definitely the need for overall health care reform, there is the possibility that these comprehensive changes will not pass this year. I feel that it is important to have some mechanism in place for the development of the uniform claims form, which will at least get us started in the right direction.

The Division of Insurance has submitted a zero fiscal note for HB 538. I urge your favorable consideration of this important piece of legislation.

FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. CSHB538(L&C)

Revision Date: 4/1/94  
Title: Uniform Health Care Claim Procedures  
Sponsor: House HESS Committee  
Requestor: \_\_\_\_\_

Department Affected: Commerce and Economic Development  
BRU: Insurance  
Component: Operations  
COMPONENT SERIAL NO. 354

Expenditures/Revenues:

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL EXPENDITURES	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

CHANGE IN REVENUES ( )	0	0	0	0	0	0
------------------------	---	---	---	---	---	---

FUND SOURCE

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

Estimate of current year (FY 94) cost: \$ 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: (Attach a separate page if necessary.)

No fiscal impact.

Prepared by: Joan Brown, Administrative Officer  
Division: Insurance

Phone: 465-2597  
Date: 4/1/94

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

Date: 4/5/94

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE  
For further distribution information call the Governor's Legislative Office

*Sec. 08.72.115. Malpractice insurance. [Repealed. § 40 ch 117 SLA 1978.]*

*Sec. 08.72.120. Registration. [Repealed § 9 ch 50 SLA 1988.]*

**Sec. 08.72.125. Licensing of branch offices.** (a) The board shall license each branch office of an Alaskan licensee.

(b) A person may not practice, or attempt or offer to practice, optometry without obtaining a license for each branch office from the board.

(c) The board shall prescribe in the regulations the factors to be considered in issuing a branch office license. (§ 2 ch 76 SLA 1969; am § 9 ch 75 SLA 1980; am § 12 ch 37 SLA 1986; am § 4 ch 50 SLA 1988)

*Effect of amendments.* — The 1988 amendment, effective May 26, 1988, substituted "Licensing" for "Registration" in the catchline, rewrote subsection (a), which read "The board shall issue a branch office certificate of registration to an Alaskan licensee," and substituted

"without obtaining a license for each branch office" for "in communities on a part-time basis without obtaining a branch office certificate of registration" in subsection (b) and "license" for "certificate of registration" in subsection (c).

*Sec. 08.72.130. Optometry register. [Repealed, § 13 ch 37 SLA 1986.]*

**Sec. 08.72.140. Qualifications for examination.** The board shall admit to the examination a person who furnishes proof that the person

(1) has a visual acuity of a standard of at least 20/40 in at least one eye as corrected;

(2) is not afflicted with a contagious or infectious disease;

(3) has had education equivalent to four years attendance at a state high school;

(4) is a graduate of a recognized school or college of optometry. (§ 35-3-141 ACLA 1949; am § 1 ch 95 SLA 1966; am §§ 3 — 5 ch 76 SLA 1969; am §§ 10, 23 ch 75 SLA 1980)

**Sec. 08.72.150. Application for examination and issuance of license.** An applicant shall apply for the examination by filing an application with the department together with the examination fee at least 15 days before the examination. Upon successful completion of the examination by the applicant and payment of the license fee, the board shall issue a license to the successful applicant. The applicant may practice optometry in the state upon receipt of the license. (§ 35-3-141 ACLA 1949; am § 6 ch 76 SLA 1969; am § 5 ch 50 SLA 1988)

(1) the amount that would have to be paid to an insurer on behalf of its employees for substantially similar health benefits; or

(2) the health maintenance organization's charge for coverage that is approved by the director under AS 21.86.070.

(c) This section does not apply to an employer whose employees or members reside in an area where health care services are not provided by a health maintenance organization. (§ 1 ch 95 SLA 1990)

**Editor's notes.** — Section 5, ch. 95, SLA 1990 provides that AS 21.86.310(a) "applies to an employer or a collective bargaining agreement upon the expiration or renewal date of a contract or policy under the employer's health benefit plan, or of the collective bargaining agreement."

**Sec. 21.86.900. Definitions.** In this chapter,

(1) "agent" means a person who is appointed by a health maintenance organization and who engages in solicitation of membership in the organization; "agent" does not include a person enrolling health maintenance organization members on behalf of an employer, a union, or other organization to whom a master subscriber contract has been issued, or an employee, who is not an independent contractor, of the health maintenance organization;

(2) "basic health care services" means emergency care, inpatient hospital and physician care, and outpatient medical services, but does not include mental health services or services for alcohol or drug abuse;

(3) "enrollee" means an individual who is enrolled in a health maintenance organization;

(4) "evidence of coverage" means a certificate, agreement, or contract issued to an enrollee, setting out the coverage to which the enrollee is entitled;

★ (5) "health care services" means services for medical or dental care, or hospitalization, or services incident to the furnishing of that care or hospitalization, and includes services for the purpose of preventing, alleviating, curing, or healing human illness, injury, or physical disability;

(6) "health maintenance organization" means a person that undertakes to provide or arrange for basic health care services to enrollees on a prepaid basis;

(7) "person" has the meaning given in AS 01.10.060 and includes a joint venture;

(8) "provider" means a physician, hospital, or other person licensed or otherwise authorized in this state to furnish health care services;

(9) "uncovered expenditures" means the costs of health care services that are covered by a health maintenance organization, but for which an enrollee would also be liable if the organization became insolvent. (§ 1 ch 95 SLA 1990)

insurance with its insured. (§ 1 ch 120 SLA 1966; am §§ 20, 21 ch 50 SLA 1990; am § 22 ch 21 SLA 1991; am §§ 19 — 22 ch 67 SLA 1992)

**Revisor's notes.** — Subsection (i) was formerly AS 21.12.120. Renumbered as (g) in 1991 and as (i) in 1993, at which time former (h) and (i) were relettered as (g) and (h), respectively. In 1991, the introductory clause of (i) was rewritten to reflect the reorganization and a manifest error in an internal reference in § 21, ch. 50, SLA 1990, which enacted former AS 21.12.120, was corrected.

**Effect of amendments.** — The 1991 amendment, effective June 11, 1991, corrected a drafting error in the second and third sentences in subsection (c) as enacted by § 20, ch. 50, SLA 1990.

The 1992 amendment by §§ 19, 21, and 22, ch. 67, SLA 1992, effective July 1, 1992, rewrote paragraph (a)(2); in item (a)(4)(A)(iv), substituted "\$100,000.000" for "\$50,000,000," inserted "certified" near the end, and added the phrase beginning "or for" at the end; added item (a)(4)(A)(v); inserted "that contain an ev-

ergreen clause" and the phrase beginning "not later than" and ending "annual statement" in paragraph (c)(3); and added subsections (h) and (i). The 1992 amendment by § 20, ch. 67, SLA 1992, effective January 1, 1994, rewrote subsection (a) to incorporate references to accreditation by the National Association of Insurance Commissioners and made related textual changes. The text of that subsection as it reads until that date may be found in the 1992 supplement, which may be retained for that purpose.

**Editor's notes.** — Section 83, ch. 50, SLA 1990 provides that this section as amended by § 20, ch. 50, SLA 1990, "applies to all reinsurance transactions having an inception, anniversary, or renewal date on or after July 1, 1991."

**Collateral references.** — 43 Am. Jur. 2d, Insurance, §§ 1831 to 1841.

46 C.J.S., Insurance, §§ 1220 to 1242.

**Sec. 21.12.030. Definitions not mutually exclusive.** It is intended that certain insurance coverages may come within the definitions of two or more kinds of insurance as defined in this chapter, and the inclusion of coverage within one definition does not exclude it from the definition of another kind of insurance coverage if the coverage may be reasonably included. (§ 1 ch 120 SLA 1966)

**Sec. 21.12.040. Life insurance defined.** Life insurance is insurance on human lives. The transaction of life insurance includes also the granting of endowment benefits, additional benefits for death or dismemberment by accident or accidental means, additional benefits for the insured's disability, and optional modes of settlement of proceeds of life insurance. Transaction of life insurance does not include workers' compensation insurance. (§ 1 ch 120 SLA 1966)

**Collateral references.** — 43 Am. Jur. 2d, Insurance, §§ 2, 3.

44 C.J.S., Insurance, §§ 1, 25 to 27.

**Sec. 21.12.050. Disability insurance defined.** Disability insurance is insurance of human beings against bodily injury, disablement, or death by accident or accidental means, or the expense thereof, or against disablement or expense resulting from sickness or childbirth, or against expense incurred in prevention of sickness, or dental care and every insurance appertaining thereto. Transaction of disability insurance does not include workers' compensation insurance. (§ 1 ch 120 SLA 1966)

CSHS RE 538 SHORT TITLE: UNIFORM HEALTH CARE CLAIMS PROCEDURES  
FULL VERSION: CSHS 538(L&C)  
SPONSORING: HEALTH EDUCATION AND SOCIAL SERVICES

CURRENT STATUS: PASSED (H) STATUS DATE: 04/11/94

TITLE: "AN ACT RELATING TO UNIFORM CLAIMS FORMS, UNIFORM STANDARDS, AND UNIFORM PROCEDURES FOR PROCESSING DATA RELATING TO BILLING AND PAYMENT OF HEALTH CARE SERVICES, AND PROVIDING FOR AN EFFECTIVE DATE."

02/23/94	2935	(H)	READ THE FIRST TIME - REFERRAL (C)
02/23/94	2935	(H)	L&C FINANCE
03/31/94	3103	(H)	L&C RPT CS(L&C) SDP
03/31/94	3104	(H)	OP: POTTER, GREEN, WILLIAMS, MULDER, HUDSON
03/31/94	3104	(H)	-ZERO FISCAL NOTE (OCED) 3/31/94
04/06/94	3163	(H)	FIN REFERRAL MAIVED
04/06/94	3207	(H)	RULES TO CALENDAR 4/8/94
04/08/94	3207	(H)	READ THE SECOND TIME
04/08/94	3207	(H)	L&C CS ADOPTED UNAN CONSENT
04/08/94	3207	(H)	ADVANCED TO THIRD READING UNAN CONSENT
04/08/94	3207	(H)	READ THE THIRD TIME CSHS 538(L&C)
04/08/94	3208	(H)	PASSED BY HOUSE
04/08/94	3208	(H)	EFFECTIVE DATE SAME AS PASSAGE
04/08/94	3208	(H)	PRICING OF L&C RECONSIDERATION
04/11/94		(H)	RECONSIDERATION NOT TAKEN UP