

SB

270

WALTER J. HICKEL
GOVERNOR



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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

270

January 28, 1994

*The Honorable Rick Halford
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182*

Dear President Halford:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to health care reform.

Alaskans' access to quality, affordable health care is a vital public interest. This bill addresses improvements to the delivery, quality, access, cost, and financing of health care services. The bill is not intended to be viewed as a comprehensive reform proposal. Rather, it is a measured, responsible step forward to set the stage for comprehensive reform.

At the same time, however, the bill makes immediate improvements to the current health care system. As importantly, it creates a process that will provide the governor, the legislature, and the public with the information necessary to make rational health care reform decisions. The bill does not foreclose any reform options, including those presently being considered by Congress and by the state legislature.

Immediate steps taken through this bill to close gaps in the health care system include: the adoption and implementation of a uniform claim form, the use of mandatory non-binding arbitration as an alternative to litigation in resolving certain health system disputes, facilitating the creation of pools for sharing risks or purchasing insurance relating to health care services, and requiring health insurers and related entities to obtain approval for certain rates or fees charged to consumers.

The creation of the Alaska Health Commission, together with the duties imposed upon it, constitutes a major part of the bill. Along with being given authority to approve

The Honorable Rick Halford
January 28, 1994
Page 2

health insurer rates and other filings, the commission is charged with collecting and analyzing health care information and data. This information will serve as the basis for formulating, for the governor's and legislature's consideration, proposals on the primary mechanisms needed to effect meaningful comprehensive health care reform.

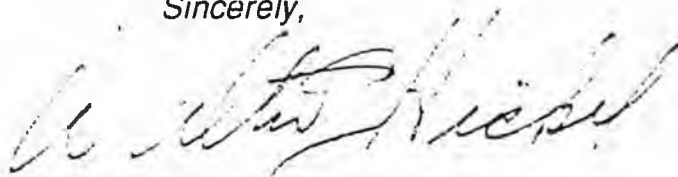
This proposal allows a deliberate process for determining how Alaskans will reform their health care system. The proposal focuses on collecting Alaska health care data, and it allows for analysis of what other states have done in the area. It also provides time to synchronize state efforts with those of impending federal health care reform.

This bill requires that its objectives be completed within established time frames. The analysis to be provided by the commission, particularly with regard to the cost, financing, and implementation of health care reform, is critical given the current fiscal circumstances facing the state. It is essential that the fiscal impact of health care reform be fully considered before further action is taken.

Please contact my staff if you need a detailed section-by-section description or additional explanation of the bill.

I urge your favorable action on this important bill.

Sincerely,

A handwritten signature in cursive script, appearing to read "Walter J. Hickel".

Walter J. Hickel
Governor

January 31, 1994

SECTIONAL SUMMARY OF
GOVERNOR'S HEALTH COMMISSION BILL
(HB 414/SB 270)

Prepared by: Alaska Department of Law

Note: The bill itself is the best statement of its contents. A sectional summary of a bill is not an authoritative interpretation of the bill.

Section 1. FINDINGS. This section sets out legislative findings regarding access to health care, increases in health care costs, and the need for reform of the health care system in Alaska.

Section 2. INTENT. This section sets out legislative intent concerning the promotion of access to affordable, quality health care for Alaskans.

Section 3. COMMISSION. This section creates the Alaska Health Commission (commission); sets forth the purposes of the commission; establishes the composition, qualifications, terms, removal, and designation of its chairperson; authorizes the commission to hire staff; sets compensation for the members of the commission; establishes requirements for meetings; sets the powers and duties of the commission; and establishes duties of the commissioner to report to the governor, legislature, and the public on commission activities at the request of the governor.

Section 3 also requires the director of insurance to establish uniform forms and procedures for health claims no later than July 31, 1996; requires a health insurer to file with the commission (and the division of insurance) its rates and related data, and changes to the rates; authorizes the commission to review and approve the filings; gives appeal rights to a health insurer aggrieved by commission decision concerning that insurer's filing; sets parameters for reporting and disclosure of information; makes certain patient health records confidential; makes unlawful disclosure or use of commission information a class B misdemeanor; provides immunity from civil damages for commission members and others specified in AS 44.19.632 for negligent acts or omissions; allows the commission to give oaths and issue subpoenas; authorizes the court to issue orders to show cause for failure to comply with lawful subpoenas of the commission; allows the legislature to appropriate a portion of the proceeds of the tax on insurance premiums collected under AS 21.09.210 for commission operating costs; and establishes definitions for certain terms used in AS 44.19.620 - 44.19.639.

Section 4. MANDATORY ARBITRATION. This section mandates that a

person who files a suit for damages for medical malpractice must also submit the claim to the court for mandatory arbitration. The decision of the arbitrator is nonbinding; if it is rejected by either party, the action may then proceed in court. In existing AS 09.55.535, which is repealed and reenacted by this section, arbitration was voluntary only and was conducted by a multimember board, rather than a single arbitrator. This section corresponds with language in sec. 3 of SB 123 (1993), and it is designed to facilitate early resolution of claims before costly legal proceedings are pursued.

Section 5. EXPERT ADVISOR. This section amends AS 09.55.536 to authorize the court to appoint a single expert medical advisor rather than a three-person expert advisory panel as is currently required. The expert medical advisor would make written reports in court cases for medical malpractice claims. Except for minor technical changes, this section corresponds with sec. 4 of SB 123 (1993). This section is designed to reduce costs of obtaining expert advice in medical malpractice cases and facilitate early resolution of claims before costly court actions are pursued.

Section 6. PROCEDURE FOR CERTAIN CLAIMS AGAINST A HEALTH INSURER. This section is similar to sec. 4, except that, unless that practice is preempted by federal law that provides otherwise, it requires a health insurance claimant who files certain court actions against a health insurer to submit the claim to the court for mandatory arbitration. Again, the arbitrator's decision is nonbinding but should facilitate early resolution of claims before costly legal proceedings are pursued.

Section 7. REVIEW AND APPROVAL OF RATES AND RATING FACTORS (TRADITIONAL HEALTH INSURANCE). This section acknowledges the sec. 3 requirement that disability insurers ("health insurers" under AS 44.19.620 - 44.19.639) must file disability insurance rates or rating factors with the commission for approval. The director of insurance makes recommendations to the commission to approve or disapprove the filings.

PURCHASING POOLS. This section requires the director of insurance to adopt regulations to facilitate the creation of pools to share risk or purchase disability insurance. Before adopting regulations, the director must consult with and consider recommendations of the commission.

Section 8. CONFORMING AMENDMENT. This section makes a technical amendment to reflect the repeal of AS 21.86.070(e). The two changes together delete references to the authority of the director of insurance to require additional information concerning, and approve filing of, rates for health maintenance organizations. Under sec. 3 of the bill, the commission will perform that function.

Section 9. REVIEW AND APPROVAL OF RATES AND CHARGES (HMO). This

section establishes the procedure for filing, review, and approval by the commission of health maintenance organizations' rates and charges. The director of insurance must make recommendations to the commission on the approval or disapproval of the rates. This section is similar to sec. 7, but relates to health maintenance organizations.

Section 10. PURCHASING POOLS. This section requires the director of insurance to adopt regulations to allow the creation of pools for the purpose of sharing risks or purchasing insurance relating to health maintenance organizations. This section is similar to sec. 7, but relates to health maintenance organizations.

Section 11. REVIEW AND APPROVAL OF RATES AND CHARGES (SERVICE CORPORATIONS). This section establishes procedures for filing, review, and approval by the commission, of rates, fees, and payments by hospital and medical service corporations. The director of insurance must make a written recommendation to the commission on the approval or disapproval of these items. This section is similar to secs. 7 and 9 but relates to service corporations.

Section 12. PURCHASING POOLS. This section requires the director of insurance to adopt regulations to allow for the creation of pools to share risk or purchase insurance related to service corporations. This section is similar to secs. 7 and 10, but relates to hospital and medical service corporations.

Sections 13 and 14. COMMISSION PROCUREMENT PROCEDURES. These sections together exempt the commission from the state procurement code, but require the commission to adopt its own procurement regulations. The regulations must be consistent with the competitive procurement principles of the procurement code. The exemption is considered necessary to allow the commission to meet the relatively short deadlines for reports and recommendations set by AS 44.19.621.

Section 15. EXEMPT SERVICE. This section places the commission staff in the exempt state service. Commission members also would be in the exempt service under existing AS 39.25.110(10).

Section 16. OPEN MEETINGS ACT LIMITATION. This section would require that commission meetings related to the adoption of regulations or to actions on rate filings fall under the requirements of the Open Meetings Act. Other commission meetings would be exempted from those requirements. This would allow the commission members to conduct day-to-day administrative activities without first issuing a public notice and convening a public meeting.

Section 17. SUNSET PROVISION. This section establishes a sunset date for the commission of June 30, 1999. This would allow for

routine review and evaluation of the effectiveness of the commission.

Section 18. REPEALERS. This section repeals portions of existing statutes, due to changes contained in this bill. AS 09.55.560(2), defining "board" for the purpose of arbitration under AS 09.55.535, is repealed because AS 09.55.535 has been changed to provide for a single arbitrator instead of an arbitration board. AS 09.55.560(3), defining "panel" to mean an expert advisory panel established under AS 09.55.536, is repealed because AS 09.55.536 has been amended to use a single expert instead of a three-person expert advisory panel. In existing insurance statutes regulating health maintenance organizations, AS 21.86.070(e) and (f), dealing with filing of HMO enrollee changes, are repealed because of the new provisions at AS 21.86.075 addressing review and approval of rates and charges by the commission.

Section 19. COURT RULE REPEAL. This section repeals Alaska Rule of Civil Procedure 72.1 in accordance with art. IV, sec. 15, of the Alaska Constitution. The rule, addressing expert advisory panels, is no longer necessary because of the change in AS 09.55.536 replacing the panel with a single expert advisor.

Section 20. APPLICABILITY. This section specifies that the changes made by secs. 4, 5, and 6 of the bill, concerning mandatory arbitration and medical experts, apply only to causes of action accruing on or after the bill's effective date, which sec. 23 designates as July 1, 1994.

Section 21. INITIAL APPOINTMENT OF COMMISSION MEMBERS; REAPPOINTMENT OF INITIAL APPOINTEES. This section requires that the terms of persons initially appointed to the commission must be set in accordance with AS 39.05.055, which addresses requirements for staggering initial terms of commission members. The initial appointees have one-, two-, or three-year terms respectively. This section also allows for initial appointees to be able to be reappointed for one additional six-year term.

Section 22. COURT RULE REQUIREMENT. This section provides that sec. 19 -- repealing Civil Rule 72.1 -- takes effect July 1, 1994 only if sec. 19 receives a two-thirds majority vote of each house as required by art. IV, sec. 15, Alaska Constitution.

Section 23. EFFECTIVE DATE. This section establishes July 1, 1994 as the effective date for all sections of the bill, except sec. 19 on the court rule change.

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. SB 270

Revision Date: 3-23-94

Department Affected: Office of the Governor

Title: "An Act creating the Alaska Health Commission..."

BRU: Commissions and Special Offices

Sponsor: Senate Rules Committee

Component: Alaska Health Commission

Requestor: Governor

COMPONENT SERIAL NO. _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	625.4	791.3	853.8	875.7	898.8	922.7
TRAVEL	17.0	17.0	17.0	17.0	17.0	17.0
CONTRACTUAL	274.8	574.8	374.8	374.8	374.8	374.8
SUPPLIES	9.0	10.5	10.5	10.5	10.5	10.5
EQUIPMENT	65.6	10.0	.5	.5	.5	.5
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	991.8	1403.6	1256.6	1278.5	1301.6	1325.5

CAPITAL EXPENDITURES						
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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	991.8	1403.6	1256.6	1278.5	1301.6	1325.5
1006 GF/MHTIA						
OTHER						
TOTAL	991.8	1403.6	1256.6	1278.5	1301.6	1325.5

POSITIONS

FULL-TIME	11	13	13	13	13	13
PART-TIME						
TEMPORARY						

Estimate of any current year (FY94) cost: 0

ANALYSIS: (Attach a separate page if necessary.)

See attached analysis

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

Phone: 465-3876
Date: 3/23/94

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

Date: 3/23/94

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PERSONAL SERVICES

625.4

Fiscal note assumes Commissioners appointments on 7/1/94 and provides for 6 months of consumer complaint specialists, 11 months of remaining staff within first year. Subsequent years include merit increases for staff and the addition of a data base manager and research analyst in FY96.

FY95:

3	Commissioners	Rg. 26C	290.7 (12 mos)
1	Special Assistant	Rg. 23A	70.9 (11 mos)
3	Research Analysts	Rg. 18A	155.9 (11 mos)
1	Secretary I	Rg. 10A/B	32.9 (11 mos)
1	Clerk Typist III	Rg. 08A/B	29.8 (11 mos)
2	Consmr Complnt. Spec.	Rg. 14A	45.2 (6 mos)

FY96:

1	Data Base Mngr.	Rg. 22A	55.8 (9 mos)
1	Research Analyst	Rg. 17A	28.8 (6 mos)

TRAVEL

17.0

Travel costs and per diem associated with Commission activities -- research, investigation, public hearings

CONTRACTUAL

274.8

Professional Services:

technical/legal assistance contracts	150.0
data collection contract starting FY96 for 300.0, subsequent years	
100.0	

Communication:

Telephone (toll costs, base/local fixed costs, fax postage) 1000/mo x 12	12.0
Teleconference costs assuming all sites for 3 hrs. per month	31.5

Advertising, Printing:

Public hearing advertising, report printing	5.0
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(Contractual - continued)

Transportation:

Freight and express charges 75/mo x 12 .9

Minor Repair, Maintenance: .8

Equipment rental:

Photocopier 600/mo x 12 7.2

Rental for space:

1873 sq. ft. x \$3.00/ft x 12 mos. 67.4
274.8

SUPPLIES

9.0

Data processing and office supplies

EQUIPMENT

65.6

Communication:

Phone system 6.0

Fax Machine 2.8

Mailing equipment 3.0

Data Processing Equipment:

PCs, system printer, software
for 11 work stations 31.8additional 2 workstations in
FY96 total 6.0

Furniture/Office equipment:

11 offices/work stations
file cabinets, bookcases
and miscellaneous office
equipment 22.02 additional workstations in
FY 96 total 3.565.6

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. SB 270

Revision Date: 3/22/94
 Title: Creating the Alaska Health Commission
 Sponsor: Senate Rules
 Requestor: Governor

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	58.2	58.2	58.2	58.2	58.2	58.2
TRAVEL	3.6	3.6	3.6	3.6	3.6	3.6
CONTRACTUAL	10.6	10.6	10.6	10.6	10.6	10.6
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT	12.1	1.0	1.0	1.0	1.0	1.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	85.5	74.4	74.4	74.4	74.4	74.4

CAPITAL EXPENDITURES						
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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	85.5	74.4	74.4	74.4	74.4	74.4
1006 GF/MHTIA						
Other						
TOTAL	85.5	74.4	74.4	74.4	74.4	74.4

Estimate of current year (FY 94) cost: \$ 0

POSITIONS

FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

Assumptions:

1. Staff will be located in Anchorage.
2. Office space will be \$1.80 per sq. ft. and 175 sq. ft. per position.
3. There will be six trips costing \$600 each.
4. The furniture and equipment is a one-time cost with a small amount for subsequent years.

Prepared by: Joan Brown, Administrative Officer
 Division: Insurance

Phone: 465-2597
 Date: 3/22/94

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

Date: _____

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. SB 270

ANALYSIS: (continued)

ALASKA HEALTH COMMISSION (CONTINUED)

Personal Services

Insurance Analyst III (Rates)	18A @ 12 months	\$58,168.15	\$58,168.15
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Travel

6 trips @ \$600.00 each			3,600.00
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Contractual

a.	Office space rental for staff - \$3,800.00		
	12 months x \$1.80 per sq. ft. x 175 sq. ft.		
	@ position - \$3.8 per position		
b.	Miscellaneous contractual costs -		
	\$6.8 per position		
	Total Contractual		10,600.00

Supplies

\$1.0 per position			1,000.00
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Equipment

\$12.1 per position for office furniture and computer			
equipment first year, \$1.0 after			
			<u>12,100.00</u>

TOTAL			<u>\$85,468.15</u>
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Alaska State Legislature

Legislative Research Agency



130 Seward Street, Suite 218
Juneau, Alaska 99801-2196

Phone: (907) 465-3991
Fax: (907) 463-3351

February 25, 1994

MEMORANDUM

TO: Senator Jim Duncan

FROM: Maureen Weeks ^{MW}
Legislative Analyst

RE: **Comparison of Senate Bill 284 and Senate Bill 270**
Research Request 94.157

You asked us to compare two health care reform bills before the legislature this year. Senate Bill 284/House Bill 451 and Senate Bill 270/House Bill 414. The comparison is attached.

We chose our questions from the topics covered in side-by-side comparisons of health care reform plans by the American Association of Retired Persons and the Intergovernmental Health Policy Project at the George Washington University. For your convenience, here is a table of contents.

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I hope this is useful for your purposes. If you have any questions would like additional information, please call.

Attachment

Summary Statement

SB 284/HB 451	SB 270/HB 414
Comprehensive reform using a market-based single-payer system with health care coverage for every legal Alaska resident	Commission analyzes health care reform proposals, makes changes in current health care systems, and recommends long-term reform

Definition:

"Market based single payer system" means a system in which a single entity provides health insurance to all residents of the state and the insurance is based on market forces, including provider defined fees, defined patient copayments, sliding scale copayments for the indigent, provider fees that are posted or made otherwise available at the point of services, published or disseminated fees in comparative lists that allow fee comparison by consumers, voluntary expenditure targets, provider peer review and control of volume, utilization, and quality of health services, and a regularly published description of the various types of providers licensed to provide services in the benefit package." (Sec. 21.58.400(9))

Market Forces:

A "market-based" system uses market forces to make consumers more aware of the actual costs of health services and provides consumers with information enabling them to make more informed purchasing decisions. (Sec. 1 (b)(2).

Analysis of Cost-Benefits:

The commission is "not intended to be viewed as a comprehensive reform proposal." Instead, it would analyze cost-benefit of elements of reform proposals (Governor's transmittal letter, p. 1; and N. Usera, personal communication)

Does the Plan Describe a Benefits Package?

SB 284/HB 451	SB 270/HB 414
No. the corporation is to develop a package by December 31, 1995	No. the commission is to analyze and make recommendations on "defining a range of potential benefit packages" by January 1, 1996

Mandate to Develop Benefits Package:

The Alaska Health Insurance Corporation "shall" develop a "benefits package of health care services that enrollees in the state health insurance plan are entitled to receive" (21.58.110) "The corporation shall adopt regulations specifying the health care services required to be covered by the state health insurance plan . . ." (21.58.170(a))

"By December 31, 1995, the corporation shall . . . determine the health care services required under AS 21.58.170 . . ." (Sec. 12(3))

Public Participation:

The Alaska Health Corporation shall allow the public an "ongoing opportunity" to participate in decisions made by the board of directors about health care services residents want included in the benefit package. (Sec. 21.58.320)

Annual Review:

"The corporation shall . . . at least annually, review the health care benefits package and revise it as determined by the corporation, taking into consideration the health needs of the state, available funding, and other relevant factors as determined by the corporation . . ." (21.58.100(10))

Defining a Range of Potential Benefit Packages:

The Alaska Health Commission is to analyze health care reform proposals; recommend proposals to the governor and the legislature; and make recommendations on "defining a range of potential benefit packages for universal health care coverage for Alaskans -- on or before January 1, 1996" (Sec. 44.19.621(a)(5)(A)) The commission would analyze plans placed before it, including universal coverage plans (N. Usera, personal communication).

Summary Statement

SB 284/HB 451	SB 270/HB 414
Comprehensive reform using a market-based single-payer system with health care coverage for every legal Alaska resident	Commission analyzes health care reform proposals, makes changes in current health care systems, and recommends long-term reform

Definition:

"Market based single payer system" means a system in which a single entity provides health insurance to all residents of the state and the insurance is based on market forces, including provider defined fees, defined patient copayments, sliding scale copayments for the indigent, provider fees that are posted or made otherwise available at the point of services, published or disseminated fees in comparative lists that allow fee comparison by consumers, voluntary expenditure targets, provider peer review and control of volume, utilization, and quality of health services, and a regularly published description of the various types of providers licensed to provide services in the benefit package.' (Sec. 21.58.400(9))

Market Forces:

A "market-based" system uses market forces to make consumers more aware of the actual costs of health services and provides consumers with information enabling them to make more informed purchasing decisions. (Sec. 1 (b)(2).

Analysis of Cost-Benefits:

The commission is "not intended to be viewed as a comprehensive reform proposal." Instead, it would analyze cost-benefit of elements of reform proposals (Governor's transmittal letter, p. 1; and N. Usera, personal communication)

Does the Plan Provide for Universal Coverage?

SB 284/HB 451	SB 270/HB 414
Yes. by Jan. 1, 1998	No. it promotes access to affordable care

Universal Coverage:

"The purpose of this Act is to . . . create a market based single payer state health insurance system that provides health insurance to all residents of the state . . ." (Sec. 1(b)(2))

"By January 1, 1998, the corporation shall . . . begin to provide health insurance coverage for state residents . . ." (Sec. 12(7))

Access to Affordable Care:

"It is the intent of the legislature to promote access to affordable, quality health care for Alaskans . . ." (Sec. 2).

Governor's transmittal letter states. "This bill addresses improvements to the delivery, quality, access, cost and financing of health care services. The bill is not intended to be viewed as a comprehensive reform proposal." (1/28/94, p. 2)

Does the Plan Describe a Benefits Package?

SB 284/HB 451	SB 270/HB 414
No. the corporation is to develop a package by December 31, 1995	No. the commission is to analyze and make recommendations on "defining a range of potential benefit packages" by January 1, 1996

Mandate to Develop Benefits Package:

The Alaska Health Insurance Corporation "shall" develop a "benefits package of health care services that enrollees in the state health insurance plan are entitled to receive" (21.58.110) "The corporation shall adopt regulations specifying the health care services required to be covered by the state health insurance plan . . ." (21.58.170(a))

"By December 31, 1995, the corporation shall . . . determine the health care services required under AS 21.58.170 . . ." (Sec. 12(3))

Public Participation:

The Alaska Health Corporation shall allow the public an "ongoing opportunity" to participate in decisions made by the board of directors about health care services residents want included in the benefit package. (Sec. 21.58.520)

Annual Review:

"The corporation shall . . . at least annually, review the health care benefits package and revise it as determined by the corporation, taking into consideration the health needs of the state, available funding, and other relevant factors as determined by the corporation . . ." (21.58.100(10))

Defining a Range of Potential Benefit Packages:

The Alaska Health Commission is to analyze health care reform proposals; recommend proposals to the governor and the legislature; and make recommendations on "defining a range of potential benefit packages for universal health care coverage for Alaskans -- on or before January 1, 1996" (Sec. 44.19.621(a)(5)(A)) The commission would analyze plans placed before it, including universal coverage plans (N. Usera, personal communication).

How is the Plan to be Administered?

SB 284/HB 451	SB 270/hb 414
<p>By the Alaska Health Insurance Corporation</p> <p>Membership: 7 directors appointed by the governor to 4-year terms</p> <p>Meetings: at least quarterly</p> <p>Compensation: \$400 per meeting day plus travel and per diem</p>	<p>By the Alaska Health Commission</p> <p>Membership: 3 members appointed by the governor to six-year terms</p> <p>Meetings: at least quarterly</p> <p>Compensation: Range 26C</p>

Make-up of the Board:

The majority of directors are to be expert in health care issues; consumers and providers are to be "fairly represented"; geographic and gender composition are to approximate that of the state.

Committees of Experts:

The commission "shall" establish committees of experts to make recommendations.

Comparison to Permanent Fund Board:

In testimony before the legislature, the bill's authors compare it to "arm's length" entities such as the Alaska Permanent Fund Board.

Advisory Committees:

The commission "may" establish advisory committees to conduct research or investigation (committees must include at least one commission member) and "may" adopt regulations establishing fees for services provided by the commission.

Comparison to Public Utilities Commission:

In testimony before the legislature, the Governor's representative compared the commission to a public utilities commission.

Does the Bill Offer a Financing Plan?

SB 284/HB 451	SB 270/HB 414
No, the corporation is to present financing options to the governor and legislature by January 1, 1997	No, the commission is to analyze and make recommendations on "determining financing plans for recommended proposals" by January 1, 1996

Financing Options:

"[B]y January 1, 1997, the corporation shall present options to the governor and the legislature on how to finance a state health insurance plan under a market based single payer system." Sec. 12 (6)

Public Participation in Decisions:

The Alaska Health Insurance Corporation "shall" give the public "an ongoing opportunity" to participate in the corporation's board of directors' decisions regarding financing options and use sources that should be used to finance the health plan. (Sec. 21.58.320)

Determining Financing Plans:

The Alaska Health Commission is to analyze health care reform proposals; recommend proposals to the governor and the legislature; and make recommendations on "determining financing plans for recommended proposals -- on or before January 1, 1996." 44.19.620(a)(5)(D)

How Does the Plan Control Costs?

SB 284/HB 451	SB 270/HB 414
Sets health care expenditure target, with annual review	Simplifies administration with uniform procedures
Uses a monitoring system: physicians voluntarily regulate health care costs (followed by mandatory regulation if necessary)	Requires state approval for rates charged by insurers
Posts and publishes provider prices for consumer comparison shopping	Sets up pools to share risks
Requires providers to provide health care data	Establishes mandatory non-binding arbitration in medical malpractice suits, with arbitrator's decision admissible in court
Uses copayments to encourage shopping	Considers altering hospital licensing to lower use of expensive acute care
Simplifies administration with uniform claims forms and claims clearinghouse	
Uses preventive and wellness programs	
Promoting effective medical treatments	
Identifying the best provider mix and encouraging effective medical treatments	

for record

How Does the Plan Control Costs? (Continued)

SB 284/HB 451	SB 270/HB 414
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General Statement:

"The purpose of this Act is to . . . increase access to health care by containing the rate of increase of health care expenditures . . ." (Sec. 1(b)(1))

Expenditure Target:

"The corporation shall prescribe by regulation a statewide health care expenditure target . . . [T]he base year . . . shall be calendar year 1993 . . . The corporation annually shall adjust the . . . target . . . to reflect changes in the Consumer Price Index" as well as changes in demographics, medical technology, access to services, the burden of disease, elimination of unnecessary care, liability insurance costs, administrative costs and utilization patterns. (Sec. 21.58.270(a) and (b))

Voluntary Physician Compliance with Target:

The expenditure target adopted by the corporation [is] a recommended target for expenditures within each specified category or subcategory of health care services or products . . . [P]roviders may voluntarily comply with the expenditure target and may take all appropriate steps not prohibited by law to attempt to ensure that annual expenditures for health care in the state do not exceed the expenditure target . . ." (Sec. 21.58.230)

General Statement

"The analysis to be provided by the commission, particularly with regard to the cost, financing and implementation of health care reform, is critical, given the current fiscal circumstances facing the state. It is essential that the fiscal impact of health care reform be fully considered before further action is taken." (Governor's transmittal letter, 1/28/94, p. 2.)

Uniform Procedures:

No later than July 31, 1996, the director of the division of insurance, after considering the advice of the commission, shall adopt by regulation uniform claims forms, uniform standards and uniform procedures for the processing of data relating to billing for and payment of health care services provided to Alaskans." (44.19.628(a))

Rate Approval:

Health insurance "rates, fees and payments . . . may not be excessive, inadequate or unfairly discriminatory" and "rates [paid] to providers . . . must be fair and reasonable." (Sec. 21.87.190(a))

A health insurer or health maintenance organization "shall" file rates or fees with the commission and the division of insurance (including changes). The division "shall" review the filing within 45 days and recommend approval or disapproval to the commission in writing. The commission shall hold a public hearing for comment on the filing." (Sec. 44.19.625 and 21.51.350 and 21.86.075)

How Does the Plan Control Costs? (Continued)

SB 284/HB 451

SB 270/HB 414

Mandatory Physician Compliance:

The corporation "shall" monitor the success of voluntary compliance. If the corporation determines (after three years) that voluntary compliance has "failed substantially" to meet the target, the corporation "shall" impose a mandatory expenditure limit, by regulation. (Sec. 21.58.300)

The corporation "may" regulate compliance by: imposing a mandatory limit on one or more subcategories or on specific items; establishing mandatory price and utilization controls; monitoring expenditures; and establishing cost-sharing recommendations. It may also directly assume all or part of cost-control functions (deductibles and copayments, information on provider fees, and the expenditure target). (Sec. 21.58.300(b))

Copayments:

After seeking input from the public, the corporation shall establish deductible and copayment amounts. (Sec. 21.53.170 and 21.58.180) In testimony before the legislature, the bill's authors have characterized the copayments as "substantial" and said the purpose would be to encourage consumers to "shop" for the best price.

Uniform Claims:

By June 31 (sic), 1995, the corporation "shall" complete and implement a uniform claims form (Sec. 21.58.110(4) and Sec. 12(2))

Pools:

The purpose of the commission is to [promote] the creation of pools for the purpose of sharing risks or purchasing insurance for health care services . . ." (Sec. 44.19.621(a)(4))

After consulting with the Alaska Health Commission, the director "shall" adopt regulation to create pools "for the purpose of sharing risks or purchasing insurance." (Sec. 21.87.285 and 21.86.320 and 21.87.285)

Mandatory Arbitration:

A person who files an action against a health insurer or a medical malpractice action against a health care provider shall submit the claim to the court for arbitration. Either party may reject the arbitrator's decision. The decision is admissible in court. (Sec. 09.55.535(a)-(e) and Sec. 09.55.565)

Hospital Licensing:

The commission is to analyze and make recommendations to the governor and legislature on "investigating alternatives to existing hospital licensing requirements to allow for less use of [expensive] acute care facilities." Deadline: January 1, 1997. (Sec. 44.19.622(a)(5)(H))

How Does the Plan Control Costs? (Continued)

SB 284/HB 414	SB 270/HB 414
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Claims Clearinghouse:

By December 31, 1995, the corporation "shall" establish a claims clearinghouse. A provider "shall" submit all claims for payment under the state health insurance plan to the claims clearinghouse. Subject to appropriation, the claims clearinghouse shall pay claims approved for payment by the corporation. (Sec. 21.58.220(a) and (b) and Sec. 12(3))

Prevention and Wellness:

The purpose of the Act is to . . . [use] preventive and wellness programs to reduce health care costs (Sec. 1(b)(3)(B)).

Effective Treatments. Provider Mix:

The corporation "shall" establish committees of experts to recommend how to control health care costs. The recommendations are to include: a greater emphasis on healthful lifestyles, prevention of disease and injury, promoting effective medical treatments, and identifying the optimal provider mix within the state. (Sec. 21.58.110(18))

Does the Plan Allow Public Participation?

SB 284/HB 414	SB 270/HB 414
<p>The Alaska Health Insurance Corporation sets up an "extensive" public involvement process allowing Alaskans to participate in decisions made by the board of directors</p>	<p>The Alaska Health Commission collects and analyzes data from public hearings. Except when adopting regulations or acting on rate filings, the Alaska Health Commission is exempt from the Open Meetings Act</p>

Public Involvement Process:

"The corporation shall design, implement and maintain an extensive community based public involvement process [to allow] residents . . . to participate in decisions made by the corporation's board of directors regarding: health care services residents want included in the benefit package; financing options; revenue sources that should be used to finance the health plan; cost-sharing options; and administration of the health care plan." (Sec. 21.58.320)

"The [Alaska Health Insurance] Corporation shall . . . create and implement the formal public involvement process . . . for the purpose of gathering broad input on the state health insurance plan, options for financing the cost of coverage, cost-sharing of the health insurance plan, and the cost of the plan . . ." (Sec. 21.58.110(2))

"The corporation shall conduct a comprehensive public involvement process designed to solicit information and opinions regarding [health care services] required to be covered . . ." (Sec. 21.58.170(b))

Public Participation:

"The commission shall . . . collect and analyze data and information from public, private or other sources relating to the cost, delivery, or financing of health care services provided to Alaskans." The term "public" here refers to public hearings (N. Usura, personal communication)

Open Meetings Exemption:

"[M]eetings of the Alaska Health Commission, except for meetings concerning the adoption of regulations or actions on filings," are exempt from AS 44.62.310 (the Open Meetings Act). (Sec. 44.62.310(d)(6))

Rate and Filings Public Hearings:

"The commission shall hold a public hearing for comment on [rate] filing[s] and for verifying the basis for the filing[s]." (Sec. 44.19.629(b)(3))

Does the Plan Allow Public Participation? (Continued)

SB 284/HB 414

SB 270/HB 414

Regulations Take Public Requests Into Account:

"The corporation shall adopt regulations specifying the health care services required to be covered by the state health insurance plan, taking into consideration the services requested by the public . . ." (Sec. 21.58.170(a))

Does the Plan Include Data Collection?

SB 284/HB 451	SB 270/HB 414
Yes. plan sets up a health care data system to begin collecting data by December 31, 1994; invalidates licenses of providers who do not comply	Yes. plan sets up a system to collect and analyze health care data; providers and insurers must submit that data.

Comprehensive Data Collection:

"The corporation shall . . . establish [a] comprehensive health care data system . . ." (Sec. 21.58.110(3))

The corporation "shall . . . establish the [health care data] system . . . and begin collecting data by December 31, 1994." (Sec. 12(1)).

List of Data to be Collected:

"The corporation shall develop and periodically update a health care data system [based on] calendar year 1993 and [including] health care expenditures, including [the following]: capital expenditures associated with receiving health care; demographic data; clinical information, including patient diagnosis, type of provider, type of service, location and length of care, referral patterns, quality of care, and result of care; billing and payment data; and public health data, including vital statistics and health status. (Sec. 21.58.260(a))

Providers Must Submit Data . . .

Providers "shall" comply with requirements to submit claims data for the health care data system, including regulations adopted by the Alaska Health Insurance Corporation. (Sec. 21.58.260(b) and Sec. 08.02.025)

Commission Shall Collect Data:

"The purpose of the commission is to [establish and implement] a system for collecting and analyzing information and data relating to health care needs of and services provided to Alaskans." (Sec. 44.19.621(a)(1))

"The commission shall . . . collect and analyze data and information from public, private, or other sources relating to the cost, delivery, or financing of health care services provided to Alaskans." (Sec. 44.19.625(b)(2))

Providers and Insurers Must Provide Data:

"All persons and entities providing or insuring health care services to Alaskans shall provide, upon request or order of the commission, reports, data, health information, insurance schedules, statistics, and other information, as determined necessary by the commission, by regulation . . ." (Sec. 44.19.631(a))

Mechanism to Collect and Analyze Data:

"It is the intent of the legislature to [establish] a mechanism for the . . . collection and analysis of information and data concerning health care services and the making of recommendations based on that data . . ." (Sec. 2)

Does the Plan Include Data Collection? (Continued)

SB 284/HB 451	SB 270/HB 414
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... Or Invalidate Their Licenses

A provider's license "is not valid" unless the health care provider submits required data. (Sec. 08.02.025)

Federal Waivers:

The corporation "shall" apply for federal waivers to "incorporate . . . claims data . . . into the corporation's data system . . ." (Sec. 21.58.110(14))

Data Used to Monitor Voluntary Compliance:

Based on the data compiled through the health care data system, the corporation "shall" monitor the success of voluntary provider compliance with the health care expenditure target (Sec. 21.58.270(a))

Does the Plan Include Preventive Care?

SB 284/HB 451	SB 270/HB 414
Yes, one goal of the corporation is to prevent illness and promote wellness	The bill does not mention prevention or wellness

Preventive and Wellness Programs:

"The purpose of the Act is to . . . provide a structure for addressing the health care needs of the state, including . . . use of preventive and wellness programs to reduce health care costs" (Sec. 1(b)(3)(B))

Benefits Include Prevention and Wellness Goal:

"The corporation shall adopt regulations specifying the health care services required to be covered by the state health insurance plan, taking into consideration . . . the goal of prevention of illness and promotion of wellness . . ." (Sec. 21.58.170(a))

Expert Committees Consider Health and Prevention:

The corporation shall . . . establish committees of experts . . . to make recommendations to the corporation regarding how to contain the cost of health care, including incorporating a greater emphasis on healthful lifestyles [and] prevention of disease and injury . . ." (Sec. 21.58.110(18))

Commission Does Not Endorse Particular Approach:

The commission performs a "market analysis" on health care reform proposals (or elements of those proposals) brought to it by the governor or by others; it does not endorse a particular approach. (N. Usera, personal communication)

Does the Plan Include Public Health?

SB 284/HB 451	SB 270/HB 414
The corporation establishes a public health improvement plan and requires recommendations for specific legislative action for that plan	Public health is not included in the bill

Need to Focus on Public Health:

"The legislature finds that . . . there is a compelling need for a strong, clear focus on public health issues" (Sec. 1(5))

Intent to Include Public Health Issues:

The authors of the bill intend to amend the bill to include public health issues (N. Usera, personal communication)

Public Health Improvement Plan:

"The corporation shall . . . develop and update [a] public health improvement plan for the state" (Sec. 21.58.110(3) and 21.58.310(a))

Plan Includes:

The plan required under this section must include: an analysis of health status in Alaska; an assessment of appropriate government roles; standards for assessment, development and quality assurance; documentation of the extent to which the current public health system implements or achieves these standards; identification of interjurisdictional issues involved in health care access and delivery; [and] recommendations . . ." (Sec. 21.58.310(b))

Required recommendations for specific legislative action include: strategies, time lines, financial needs and specific sources of stable revenue . . . local, regional, state and federal [sharing of responsibility] to deliver public health care services . . . integration of the public health care system with state and national health care reform efforts; the corporation's estimate of the optimal share [expressed as a percent] that public health should represent in the total health care delivery system of the state." (Sec. 21.58.310(b)(6))

Does the Plan Include Long-Term Care?

SB 284/HB 451	SB 270/HB 414
Yes, the Alaska Health Insurance Corporation must develop a long-term care plan by January 1, 1997	No, the plan does not include long-term care

Developing Long-Term Care Plan:

"The purpose of this Act is to . . . provide a structure for addressing the health care needs of the state, including . . . developing a comprehensive long-term care plan that integrates support services and that promotes human dignity." (Sec. 1(b)(3)(A))

By January 1, 1997, the corporation shall develop a long-term care plan that comprehensively addresses the needs of Alaska residents. (Sec. 21.58.110(19) and Sec. 12(6))

Long-Term Care Is Public Health Component:

The bill's authors consider long-term care as one component on the continuum of care that must be considered in addressing public health (N. Usera, personal communication)

Does the Plan Consider Primary Care?

SB 284/HB 451	SB 270/HB 414
Yes, the corporation must give incentives to primary care physicians to practice in Alaska, especially in rural areas	No, the plan does not discuss primary care

Design an Incentive Program:

The corporation "shall" design a program to give incentives to primary care providers to practice in Alaska, "especially in rural and under-served areas of the state. (Sec. 21.58.110(16))

Incentives:

Incentives "may" include "added premiums" on prices for primary care providers; student loan forgiveness, in-state family practice residency, and training and "rotations" for "midlevel practitioners." (Sec. 21.58.110(16))

Commission Does Not Endorse a Particular Approach:

The commission performs a "market analysis" on health care reform proposals (or elements of those proposals) brought to it by the governor or by others: it does not endorse a particular approach. (N. Usher, personal communication)

What is the Federal Role in the Plan?

SB 284/HB 451	SB 270/HB 414
<p>The state must apply for waivers from federal laws before it can require claims data and redirect revenue</p> <p>The bill does not mention the need to study the effects of federal health care reform laws on Alaska</p>	<p>The commission is to analyze the effects on Alaska of new federal health care reform laws</p> <p>The plan does not mention the possible need to apply waivers to federal laws (such as ERISA)</p>

Federal Waivers:

By December 31, 1994, the corporation shall determine the federal waivers necessary to set up the Alaska Health Insurance Corporation. (Sec. 12(1))

The corporation shall . . . pursue necessary federal waivers from applicable federal law or other federal health care payers in order to incorporate both claims data and revenue streams into the corporation's data system and additional revenue into the state health insurance fund. (Sec. 21.58.110(14))

New Federal Laws?

The bill does not mention how the plan would "dovetail" with new federal health care reform laws.

Requirements Imposed by New Federal Laws:

The Alaska Health Commission is to analyze health care reform proposals; recommend proposals to the governor and the legislature; and make recommendations about "requirements imposed on [Alaska] by [health care reform] measures passed by Congress." (Sec. 44.19.621(a)(5)(B))

ERISA Waiver?

The plan requires all providers and insurers of health care to Alaskans -- including self-insurers -- to submit "reports, data, health information, insurance schedules, statistics and other information." The state may need a waiver from the federal Employee Retirement Income Security Act (ERISA) before it can force self-insurers to comply.

Does the Plan Discuss Medical Malpractice Liability?

SB 284/HB 451	SB 270/HB 414
<p>No. it suggests separate legislation</p>	<p>Yes. the plan requires non-binding arbitration of medical malpractice claims, with the arbitrator's decision admissible in court</p>
<p><u>Separate Legislation:</u></p> <p>"Because the state constitution's single subject rule precludes the consideration of comprehensive tort reform in the same legislative enactment as health care reform, tort reform should be addressed in a separate legislative enactment." (Sec. 1(8))</p>	<p><u>Arbitration Required:</u></p> <p>"A person who files an action for damages against a health care provider resulting from medical malpractice shall also submit the claim to the court for arbitration." (Sec. 09.55.535(a))</p> <p><u>Arbitrator's Decision Not Binding:</u></p> <p>"The decision of the arbitrator may be rejected by a party." (Sec. 09.55.535(d))</p> <p><u>Arbitrator's Decision Admissible in Court:</u></p> <p>"If the decision . . . is rejected . . . the action may proceed in . . . court. The arbitrator's decision is admissible evidence in that action . . ." (Sec. 09.55.535(e))</p> <p>Action against a health insurer (including a health maintenance organization) must also go to non-binding arbitration and the arbitrator's decision is admissible in court (Sec. 09.55.565)</p>

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR RIEGER

TO: SB 270

Page 1, line 4, after "insurers;":

Insert "amending Alaska Rules of Civil Procedure 68, 79, and 82;"

Page 8, after line 28:

Insert a new subsection to read:

"(f) A party that rejects the arbitrator's decision, proceeds in court as provided under (e) of this section, and obtains a final judgment that is not more favorable to that party than the arbitrator's decision, shall pay the opposing party's actual costs and attorney fees incurred during the court proceeding and may not be awarded its own costs or attorney fees. This subsection

(1) does not apply to costs or attorney fees incurred in an appeal of a court decision; and

(2) applies notwithstanding a different result required by an Alaska Rule of Civil Procedure relating to an offer of judgment."

Reletter the following subsection accordingly.

Page 17, after line 12:

Insert a new bill section to read:

"* Sec. 22. AS 09.55.535(f), as enacted in sec. 4 of this Act, has the effect of amending Alaska Rules of Civil Procedure 68, 79, and 82 by providing that a party that rejects an arbitration decision and receives a judgment that is not more favorable than the decision obtained in arbitration is required to pay the opposing party's actual costs and attorney fees incurred in the court proceeding, and by providing that the provisions of AS 09.55.535(f) apply notwithstanding a different result required under an Alaska Rule of Civil Procedure

relating to an offer of judgment."

Renumber the following bill sections accordingly.

Page 17, line 13:

Delete "Section 19 of this Act takes effect July 1, 1994 only if that section receives"

Insert "AS 09.55.535(f), enacted in sec. 4 of this Act, and sec. 19 of this Act take effect only if secs. 19 and 22 of this Act receive"

Page 17, line 16:

Delete "Sections 1 - 18, 20, and 21 of this Act take"

Insert "This Act takes"

**GOVERNOR'S
ALASKA HEALTH COMMISSION
LEGISLATION
(SB 270 & HB 414)**

Governor Hickel has introduced legislation to provide a mechanism for focusing on health care in Alaska. This legislation will promote access to affordable health care and provide a means to analyze health care proposals that address the needs of Alaskans.

The Governor's legislation establishes a commission that will analyze state and federal health care systems, implement changes to the present system, and make recommendations for long-term reform. The commission will be comprised of three full-time, paid commissioners appointed by the Governor and confirmed by the Legislature. They will hold staggered, six-year terms. This legislation specifies deadlines by which the commission will complete tasks and report to the Governor and the Legislature. The Commission's budget for the first year is \$885,800 from insurance premium tax receipts. (This amount includes staff appropriate for the commission's functions.)

The commission will identify and implement insurance pools and implement a universal claim form to facilitate data collection and analysis, and to lower administrative costs. They will analyze and collect health care data specific to Alaska on which to base future health care policy decisions and recommendations. Non-binding arbitration will be instituted as an alternative to litigation in resolving malpractice and claim disputes between insurance companies and beneficiaries. Upon review and recommendation by the Division of Insurance the commission can approve changes to health insurance premiums.

The commission will define a potential benefit package for universal coverage and determine the cost of comprehensive reform proposals. They will investigate the use of standard practices to reduce medical tort liability and devise administrative structure to implement reforms. Specific recommendations will be developed and submitted to the Governor for consideration and transmittal to the Legislature.

The commission will conduct public meetings regarding health care issues and commission activities.

GOVERNOR'S ALASKA HEALTH COMMISSION LEGISLATION

PURPOSE

To provide a mechanism for focusing on Alaska's health care system and needs; to promote access to affordable health care; to analyze health care proposals that address the needs of Alaskans; and to make health care recommendations to the Governor and Legislature.

STRATEGY

Establish a commission to analyze state and federal health care systems; implement changes to the present system; and make recommendations for long-term reform.

- * *Membership:* The commission will be comprised of three full-time, paid commissioners appointed by the Governor and confirmed by the Legislature. Staggered, six-year terms. Sunset on the commission for continuation after five years. Governor appoints chair. Members can be removed for cause.
- * *Time frames:* Legislation specifies deadlines by which the commission will complete tasks and report to the Governor and the Legislature.
- * *Cost:* Commission's budget for the first year is \$885,800 from insurance premium tax receipts. Includes staff appropriate for commission's functions.

COMMISSION RESPONSIBILITIES

Authority to implement changes to current health care system:

- * Identify and implement insurance pools.
- * Implement universal claim form to facilitate data collection and analysis and lower administrative costs.
- * Collect health care data specific to Alaska on which to base future health care policy decisions and recommendations.

- * Implement non-binding arbitration as an alternative to litigation in resolving malpractice disputes and claim disputes between insurance companies and beneficiaries.
- * Upon review and recommendation by the Division of Insurance, approve changes to health insurance premiums.
- * Conduct public meetings regarding health care issues and commission activities.

Conduct health care system analysis:

- * Analyze Alaska health care data.
- * Define potential benefit package for universal coverage.
- * Determine cost of comprehensive reform proposals.
- * Investigate the use of standard practices to reduce medical tort liability.
- * Devise administrative structure to implement reforms.

Develop policy recommendations:

- * Develop and submit specific recommendations to the Governor for consideration and transmittal to the Legislature.

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

P.O. BOX 110200
JUNEAU, ALASKA 99811-0200
PHONE: (907) 465-2200
FAX: (907) 465-2496

RECEIVED MAR 03 1994
March 8, 1994

The Honorable Steve Rieger
Chair, Senate HESS
State Capitol
Juneau, Alaska 99801-1182

Dear Senator Rieger:

You have asked for the rationale used to develop the fiscal note on SB 270, particularly with regard to data collection and analysis.

Senate Bill 270 directs the Director of the Division of Insurance to adopt a uniform claim form to be used to bill and pay for health care services provided in Alaska (Sec. 44.19.628). Additionally, the Alaska Health Commission is to collect and analyze data and information relating to health care delivery in Alaska (Sec. 44.19.631). The bill provides for the Commission to adopt regulations which define the specific health data that is to be collected (Sec. 44.19.631). Consequently, SB 270 anticipates that the collection of health data will be enhanced by uniform data from the universal claim form and additional health data as defined by the Commission.

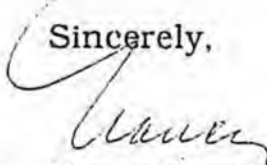
Senate Bill 270 assumes that the Commission will establish a process for identifying essential health data and coordinate its collection and analysis using existing state resources. It is anticipated that under its regulatory authority, the Commission will require the aggregate reporting of data from health care providers, among others, gleaned from the information contained on the universal claim form. This differs considerably from the collection of data from individuals. We anticipate analysis will continue to be done by existing resources within the Department of Health and Social Services, Commerce and Administration, but with this expanded and more systematically collected data. This will improve the collection and analysis of data but it will not in itself establish a comprehensive health data collection and analysis system. We assume that data collection will be an integral part of particular health care reform strategies. Consequently, as the Commission costs out the implementation of specific health care reform options, these data collection costs will be included in that analysis as well as considered in the financing plan for that strategy.

March 8, 1994

In summary, the SB 270 fiscal note includes costs which will improve the identification, collection and analysis of health care data. It sets in motion systems which can be expanded. It reflects a more cost effective, albeit less comprehensive approach to data collection. This is in recognition of current revenue shortfalls. We have not included the cost of comprehensive health care data systems needed to support comprehensive reform implementation.

If you have other questions, please do not hesitate to contact me.

Sincerely,



Nancy Bear Usera
Commissioner

NBU/jmn

cc: Raga Elim
Legislative Liaison
Office of the Governor

Margaret Lowe
Commissioner
Department of Health & Social Services

Paul Fuhs
Commissioner
Department of Commerce
& Economical Development

Jay Livey
Deputy Commissioner
Department of Health & Social Services

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

Bill Version: SB 270
(S) Publish Date: 1-28-94

Revision Date: _____
Title: "An Act creating the Alaska Health Commission..."
Sponsor: Senate Rules Committee
Requestor: Governor

Department Affected: Office of the Governor
BRU: Commissions and Social Offices
Component: Alaska Health Commission
COMPONENT SERIAL NO. _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	580.2	616.3	626.0	636.5	646.7	657.9
TRAVEL	17.0	17.0	17.0	17.0	17.0	17.0
CONTRACTUAL	226.3	226.3	226.3	226.3	226.3	226.3
SUPPLIES	8.0	8.0	8.0	8.0	8.0	8.0
EQUIPMENT	54.3	.5	.5	.5	.5	.5
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	885.8	868.1	877.8	888.3	898.5	909.7

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	885.8	868.1	877.8	888.3	898.5	909.7
1006 RESERVE						
OTHER						
TOTAL	885.8	868.1	877.8	888.3	898.5	909.7

POSITIONS

FULL-TIME	9	9	9	9	9	9
PART-TIME						
TEMPORARY						

Estimate of any current year (FY94) cost: 0

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

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

Phone: 465-3876
Date: 1/27/94

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

Date: 1/27/94

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PERSONAL SERVICES

580.2

Fiscal note assumes Commissioners appointments on 7/1/94 and provides for 11 months of staff within first year. Subsequent years include merit increases for staff.

3	Commissioners	Rg. 26C	290.7
1	Special Assistant	Rg. 23A	70.9
3	Research Analysts	Rg. 18A	155.9
1	Secretary I	Rg. 10A/B	32.9
1	Clerk Typist III	Rg. 08A/B	29.8

TRAVEL

17.0

Travel costs and per diem associated with Commission activities -- research, investigation, public hearings

CONTRACTUAL

226.3

Professional Services:

technical/legal assistance contracts	150.0
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Communication:

Telephone (toll costs, base/local fixed costs, fax postage) 900/mo x 12	10.8
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Advertising, Printing:

Public hearing advertising, report printing	5.0
---	-----

Transportation:

Freight and express charges 75/mo x 12	.9
--	----

Minor Repair, Maintenance:

.8

Equipment rental:

Photocopier 600/mo x 12	7.2
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Rental for space:

1433 sq. ft. x \$3.00/ft x 12 mos.	<u>51.6</u>
	226.3

SUPPLIES 8.0

Data processing and office supplies

EQUIPMENT 54.3

Communication:

Phone system	4.0
Fax Machine	2.8
Mailing equipment	3.0

Data Processing Equipment:

PCs, system printer, software for 9 work stations	26.0
--	------

Furniture/Office equipment:

9 offices/work stations file cabinets, bookcases and miscellaneous office equipment	<u>18.5</u> 54.3
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FISCAL NOTE

No. 2

STATE OF ALASKA
1994 LEGISLATIVE SESSION

Bill Version: SB 270

(S) Publish Date: 1-28-94

Revision Date: _____

Department Affected: Commerce and Economic Development

Title: Creating the Alaska Health Commission

BRU: Insurance

Sponsor: _____

Component: Operations

Requestor: _____

COMPONENT SERIAL NO. 354

Expenditures/Revenues:

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	91.5	91.5	91.5	91.5	91.5	91.5
TRAVEL	1.6	1.6	1.6	1.6	1.6	1.6
CONTRACTUAL	20.0	20.0	20.0	20.0	20.0	20.0
SUPPLIES	2.0	2.0	2.0	2.0	2.0	2.0
EQUIPMENT	24.2	--	--	--	--	--
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	139.3	115.1	115.1	115.1	115.1	115.1

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

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

FUND SOURCE

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	139.3	115.1	115.1	115.1	115.1	115.1
1006 GF/MHTIA						
Other						
TOTAL	139.3	115.1	115.1	115.1	115.1	115.1

Estimate of current year (FY 94) cost: \$ 0

POSITIONS

FULL-TIME	2.0	2.0	2.0	2.0	2.0	2.0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

Assumptions:

1. Staff will be located in Anchorage.
2. Office space will be \$1.50 per sq. ft. and 175 sq. ft. per position.
3. There will be two trips costing \$800 each.
4. The furniture and equipment is a one-time cost.

Prepared by: Joan Brown, Administrative Officer
Division: Insurance

Phone: 465-2597
Date: 1/26/94

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

Date: 1-21-94

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. _____

ANALYSIS: (continued)

ALASKA HEALTH COMMISSION (CONTINUED)

Personal Services

Insurance Analyst III (Rates)	18A @ 12 months	\$58,168.15	
Clerk Typist III	8A/B @ 12 months	<u>33,333.67</u>	
			\$91,501.82

Travel

2 in-state trips @ \$800.00		1,600.00
-----------------------------	--	----------

Contractual

a. Office space rental for staff - \$6,400.00		
12 months x \$1.50 per sq. ft. x 175 sq. ft.		
@ position - \$3.2 per position		
b. Miscellaneous contractual costs \$13,600.00 -		
\$6.8 per position		
Total Contractual		20,000.00

Supplies

\$1.0 per position		2,000.00
--------------------	--	----------

Equipment

\$12.1 per position for office furniture and computer equipment		<u>24,200.00</u>
---	--	------------------

TOTAL		<u>\$139,301.82</u>
-------	--	---------------------

Position Title Clerk-Typist III		No. of Positions 1	Range / Step 8A/B	Barg Unit GGU
Time Status PFT	Staff Months 12	Location Anchorage		Election District 99
TYPE OF EXPENDITURE		AMOUNT		
Salary		22.3		
Benefits		11.0		
Premium Pay				
Other				
Total Personal Services		33.3	33.3	
Travel				
Contractual			10.0	
Commodities			1.0	
Equipment			12.1	
Other				
Total Cost			56.4	
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other	1005 GF/PR		56.4	

Justification
Additional clerical staff will be needed to support the insurance analysts responsible for the review of health insurance rates and forms.

Contractual
Office space expense 3,200
Miscellaneous 6,800
10,000

Supplies 1,000

Equipment
Workstation, computers, and misc. office equipment 12,100

014.bro

Request For New Position

AGENCY Commerce and Economic Development
BRU Insurance
COMPONENT Operations #354

FY 95

Page 4 of 4
Revised Date: _____

What Happens When Patients Arbitrate Rather Than Litigate

By EDWARD FELSENTHAL

Staff Reporter of THE WALL STREET JOURNAL

Robin Lorey didn't even know what arbitration was when she agreed to waive her right to a jury trial as a member of the Kaiser Permanente health maintenance organization.

But like more than five million others who belong to the country's biggest HMO, Ms. Lorey had no choice. Kaiser requires all of its members in California, Colorado, Hawaii and Massachusetts to agree to arbitrate medical malpractice claims and other disputes rather than take them to court.

So when Ms. Lorey claimed that a spinal procedure done during the delivery of her third child in 1991 caused back problems, she had to take her case against Kaiser not to a judge and jury, but to three private arbitrators seated in a small conference room. And when the arbitrators last month ruled against Ms. Lorey, a 33-year-old nurse from Sun City, Calif., she had no right to appeal.

As Congress considers a variety of medical malpractice reforms, Kaiser's track record—and the experience of people such as Ms. Lorey—are certain to come under scrutiny. That record suggests that, like almost every other issue in the health-care debate, arbitration involves some difficult trade-offs. Kaiser has asked patients to forfeit some of their rights. But in so doing, it has managed both to cut its legal costs and to compensate a significant percentage of injured people.

More than a dozen states already have passed laws making it easier for health plans to use arbitration—a method that is common in a variety of securities, construction and contract disputes. Consequently, a growing number of hospitals and HMOs are allowing their patients to choose arbitration, though very few require them to do so. The Clinton health plan proposes more use of mediation and arbitration in medical malpractice suits, but would guarantee court appeals of the results. So far, only a proposal by Sen. Pete Domenici (R., N.M.) would mandate that most Americans submit to the kind of binding arbitration that Kaiser requires.

The Kaiser approach certainly deserves praise for speedy resolutions: The cases the HMO arbitrates are typically resolved in about 19 months, compared with an average of 33 months for malpractice lawsuits handled by the court system, according to a 1992 U.S. General Accounting Office report based on information provided by Kaiser. Arbitration reduces the cost of litigation pretty substantially, and therefore we're able to offer our members a better deal in terms of the cost of care overall," says Trisha O'Hanlon, senior counsel for Kaiser's Southern California region.

Kaiser also credits arbitration with compensating a larger percentage of injured patients than juries do, though

Medical Malpractice

Arbitration vs. lawsuits in medical malpractice cases

	KAISER ARBITRATION	MALPRACTICE LAWSUITS
Resolution time	19 months	33 months
Typical hearing length	2-4 days	Several weeks
Cases settled prior to a hearing	89%	90%
Judgments for plaintiff	52%	33%
Judgments for defense	48%	67%

Sources: Medical Malpractice—Alternative to Litigation; U.S. General Accounting Office 1992; interviews with malpractice lawyers

usually in more modest amounts. The HMO estimates that plaintiffs win about about half its arbitrations, compared with about a third of all malpractice cases in the court system. And with arbitration, "you don't have \$100 million verdicts on a bad-baby case," says Ms. O'Hanlon. Kaiser declined, however, to provide data on the size of the average arbitration award.

"It's typically faster [than a trial] because it's less formalized," says Paul Weiler, a Harvard Law School malpractice specialist. "There is an expert who's making the decision, which will give you more predictable and more rational results."

But many patients, such as Ms. Lorey, haven't read all the fine print in their employer-provided health plans, including the provision about arbitration. Ms. Lorey says she didn't learn about the arbitration agreement until the day she was admitted to the hospital for the delivery of her child.

Ms. Lorey's case was heard in a conference room near San Diego, where the plaintiff sat surrounded by six lawyers and arbitrators in the case. "It's such a closed setting," Ms. Lorey says. "I felt pretty ganged up on, pretty intimidated."

Kaiser dropped its arbitration requirement in 1991 in Oregon and Washington, partly because it was under pressure from companies there that thought their employees might object to the provision.

But in general Kaiser defends the arbitration process, saying one benefit is its lack of formality. It is "difficult to believe that someone would find it more intimidating to sit in a room with people sitting around a table than to go into a courtroom with a box full of people that you don't know and a judge sitting up in a throne-like seat," says Ms. O'Hanlon, the Kaiser lawyer. She also says Kaiser is trying to "make patients more aware" of

Please Turn to Page B5, Column 1

WSJ 2/4/94

Kaiser Requires Some Patients To Arbitrate Medical Malpractice

Continued From Page B1

the arbitration requirement in publications sent to members.

In a Kaiser hearing, the patient and the HMO each select one arbitrator—typically a lawyer or a retired judge—and a third is chosen with the consent of both sides to serve as a neutral tie-breaker. Each party has its own legal representation and pays its own arbitrator an hourly fee. The two sides split the neutral arbitrator's bill, which can run as high as \$350 an hour. Evidence, such as that provided by medical experts, is presented much the way it would be in a courtroom.

The need for a neutral arbitrator in every case has raised another practical problem for Kaiser: finding enough of them who don't have conflicts of interest. That was the issue highlighted in the case of the late Freya Neaman, whose family sued Kaiser for allegedly failing to promptly diagnose her lung cancer.

Ms. Neaman's family lost the arbitration. But last year they got the California Supreme Court to throw out the ruling because the neutral arbitrator, a retired judge, hadn't disclosed that he had served as Kaiser's own arbitrator in five previous cases. (The ban on appealing arbitrations generally can be lifted if there is evidence of bias or fraud.) The judge's "relationship with Kaiser was a substantial business relationship and should have been fully disclosed," the court said.

Kaiser says it is making more efforts to

ensure that neutral arbitrators are truly unbiased. But with a limited pool of experienced arbitrators, some lawyers believe it will be increasingly difficult to find people without ties to Kaiser.

"It's bad enough that I lost my mother," says Blythe Leiderman, Ms. Neaman's daughter, who is now trying to get a court hearing for the case. "Then to find out that the person who was supposed to be objective and neutral really wasn't. That really hurts."

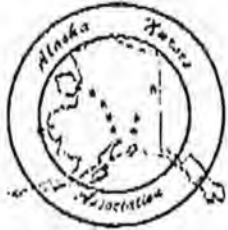
Union Texas Petroleum Accord

HOUSTON — Union Texas Petroleum Holdings Inc. said a unit signed an agreement to explore for oil and gas in Alaska.

The oil and natural gas company said its Union Texas Petroleum Alaska Corp. and Cook Inlet Region Inc., an Alaska native regional company, agreed to pursue a three-year exploration program on more than 340,000 acres on the Kenai peninsula in south central Alaska about 50 miles southwest of Anchorage.

The unit, which will have a 100% working interest, will conduct the exploration program. It also will have the option of acquiring oil and gas leases on the acreage, and Cook Inlet Region will have the option of participating in drilling programs.

A spokesman said Union Texas Petroleum would collect and study data on the acreage in 1994 and 1995, and drilling might begin in 1995 or 1996.



ALASKA NURSES ASSOCIATION

237 F 3rd Avenue #4 Anchorage, AK 99501 2525
(907) 274-0827 FAX (907) 272 0292

March 8, 1994

Senator Steve Rieger
Senate HESS Committee
Room 516-C
Capitol Building
Juneau, Alaska 99801-1182

Dear Senator Rieger:

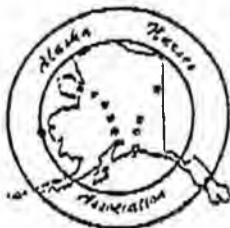
On behalf of the Alaska Nurses Association I am enclosing a copy of the organization's testimony on HB 414 which was given last Friday, March 4th. The testimony reflects our concerns about HB 414 and the corresponding bill (SB270) in the Senate. I am requesting that you place this in the files on SB270 as evidence of our concerns about the Governors' bill.

I appreciate your consideration of this request. If you have questions or concerns, please feel free to contact me.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Jackie Pflaum".

Jackie Pflaum
Legislative Chair



ALASKA NURSES ASSOCIATION

237 E. 3rd Avenue #3 Anchorage, AK 99501-2523
(907) 274-0827 FAX: (907) 272-0292

March 4, 1994

Representative Cynthia Toohey, Co-Chair
House of Representatives HESS Committee
Room 104-C
Capitol Building
Juneau, Alaska 99801-1182

Dear Representative Toohey:

On behalf of the Alaska Nurses Association (AaNA), I thank you for the opportunity to testify today on HB 414, an act creating the Alaska Health Commission. The AaNA commends governor Hickel in his recognition of the need for health care reform and his efforts to solve what is perhaps the largest long-term problem facing Alaskans.

The Alaska Nurses Association believes that there already has been a great deal of data collected and debate conducted related to the issues of universal coverage, access to care and mix of providers, data collection, cost control and utilization, a public health improvement plan, tort reform and health insurance reform which have occurred in officially sponsored functions of the legislature. Although there may be some disagreement about some of the data that has been collected, there is more than ample information with which to move forward with a specific plan for health care reform.

The Alaska Nurses Association strongly supports universal health care coverage for all Alaskans. We believe this is the single most important aspect of health care reform. The Association, knowing the value of guaranteed coverage to primary care services, supports a single payer approach to ensuring a basic set of benefits for every citizen in this state.

We believe that HB 414 should be amended to require the Alaska Health Commission to develop a plan of universal coverage for all Alaskans within the same time line outlined in the bill for recommendations from the Commission to the Governor and Legislature. The Commission should be specifically directed to present a preferred plan, and alternatives if it deems advisable which guarantees universal health care under a single payer system. This plan(s) should detail the benefits package of coverage, costs, financing mechanism(s), cost containment measures, and other features which the Commission believes necessary.

Representative Cynthia Toohey
March 4, 1994
Page 2

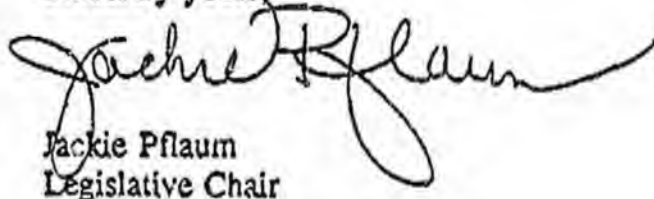
The Alaska Nurses Association is committed to the belief that a strong consumer presence needs to be an inherent component of the Alaska Health Commission. We are convinced that it is only by empowering more consumers that the system will become more responsive to the concerns of those directly impacted by that system. We believe there needs to be significant consumer representation on the Commission itself and urge you to consider a larger number of commissioners which more broadly represents the concerns of the health care consumer.

As an organization that has long advocated the principles of disease prevention and health promotion we are disturbed that there is not a plan to provide for a strong public health structure within HB414. We strongly recommend that the aspects of HB332 which outline the need for a strong public health component in health care reform be incorporated into HB 414. Further, we believe that health promotion and disease prevention strategies must be recognized as appropriate strategies to address the goals of cost containment and improved health outcomes.

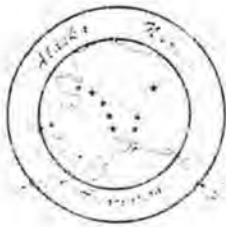
We strongly support Section 7 "Review and Approval of Rates and Rating Factors". We believe that the health insurance industry should receive the same public scrutiny as that enjoyed by other insurance providers in the state. We believe that such public review will aid in the forthcoming deliberations. We are encouraged by the health insurance industry's endorsement of the Governor's proposed legislation, including this particular aspect.

Overall, the Alaska Nurses Association is pleased that the Governor and legislature is addressing the issue of health care reform. However, we do not believe HB 414 in its present form goes far enough to move us forward. We recommend that the committee work to incorporate our suggestions in order to pass legislation which will be effective. Thank you.

Sincerely yours,



Jackie Pflaum
Legislative Chair



RECEIVED MAR 10 1994
ALASKA NURSES ASSOCIATION

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Representative Cynthia Toohey
March 4, 1994
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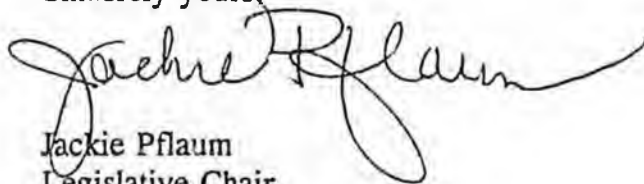
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Sincerely yours,



Jackie Pflaum
Legislative Chair



Bringing lifetimes of experience and leadership to serve all generations

ALASKA STATE LEGISLATIVE COMMITTEE

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Linda L. Taylor
405 Third Street
Juneau, AK 99801
(907) 586-2368

MARCH 11, 1994

SUBJECT: TESTIMONY BEFORE THE HOUSE & SENATE HESS COMMITTEES
RE HB 414/SB270, COMPREHENSIVE HEALTH CARE REFORM.

FROM: AARP STATE LEGISLATIVE COMMITTEE

*Chris Anderson
Coordinator*

AARP, ALASKA CHAPTER, OPPOSES HB 414/SB 270 AS PRESENTLY WRITTEN. THE MAJOR OBJECTION TO HB 414/SB 270 IS THAT THE PROPOSED BILL DOES NOT GO FAR ENOUGH TO RESOLVE THE TREMENDOUS HEALTH CARE PROBLEMS FACING ALASKA.

AARP IS A NATIONAL ADVOCATE OF HEALTH CARE REFORM AND HAS SPENT THE LAST FIVE YEARS AGGRESSIVELY PROMOTING NATIONAL HEALTH CARE REFORM. JUST OVER A WEEK AGO THE NATIONAL BOARD OF DIRECTORS OF AARP REFUSED TO ENDORSE PRES. CLINTON'S HEALTH PLAN BECAUSE THE CLINTON PLAN AS PRESENTED OMITTED CERTAIN CONCEPTS THAT AARP IS COMMITTED TO AND HAS IDENTIFIED FROM MANY YEARS OF RESEARCH AND WORK. AARP ALASKA COULD SUPPORT HB 414/SB 270 WITH MAJOR AMENDMENTS---AMENDMENTS THAT WOULD HAVE HB 414/SB 270 CONFORM TO PRINCIPLES THAT WOULD CONTRIBUTE TO REAL HEALTH CARE REFORM.

AARP'S NATIONAL SLOGAN--"HEALTH CARE REFORM--LETS GET IT RIGHT", EXPLAINS THE ORGANIZATIONS' POSITION THAT TO DO OTHERWISE WOULD COMMIT THE NATIONS RESOURCES TO A PROGRAM THAT WILL NOT MEET NATIONAL NEEDS NOW OR IN THE FUTURE.

THE BI-PARTISAN ALASKA LEGISLATIVE TASK FORCE IN THEIR FINAL REPORT TO THE GOVERNOR AND LEGISLATURE (JANUARY 1993), POINTED OUT A NUMBER OF GUIDING PRINCIPLES FOR HCR IN ALASKA. TO QUOTE FROM THE TASK FORCE PREAMBLE: "THE VISION OF HEALTH CARE REFORM FOR ALASKA MUST GO BEYOND THE ISSUES OF ACCESS, FINANCING AND COST CONTAINMENT---IT MUST BE A PROGRAM BASED ON PRINCIPLES OF HEALTH PROMOTION, HEALTH PROTECTION, AND DISEASE PREVENTION".

THIS SAME TASK FORCE REPORT POINTS TO A 1992 STUDY BY NORTHWESTERN NATIONAL LIFE INS. CO. THAT RANKED ALASKA 46th WORST IN GENERAL HEALTH AMONG THE 50 STATES. RANKINGS SUCH AS NWNL ARE USED BY INSURERS TO ESTABLISH PREMIUMS. THE HEALTH STATUS OF ALASKA'S POPULATION IS AMONG THE WORST IN THE NATION AND ALASKANS PAY HIGH INSURANCE PREMIUMS BECAUSE OF THEIR POOR HEALTH STATUS, REAL HCR WILL REDUCE HEALTH CARE COSTS FOR EVERYONE AND INCREASE INSURANCE BENEFITS TO CONSUMERS.

HB 414/SB 270 ESTABLISH DEADLINE OBJECTIVES FOR COMPLETION OF STUDIES THAT HAVE ALREADY BEEN DONE. THESE STUDIES DO NOT HAVE TO BE REVISITED. WE NEED TO IMPLEMENT THE RECOMMENDATIONS OF THE ALASKA LEGISLATIVE TASK FORCE REPORT AND THE 1993 ALASKA HEALTH SUMMIT

AARP RECOMMENDS THE FOLLOWING AMENDMENTS TO HB 414/SB270 TO CREATE REAL HEALTH CARE REFORM:

:

- 1) UNIVERSAL COVERAGE FOR ALL ALASKANS
- 2) AT LEAST AN ANALYSIS OF SINGLE PAYER
- 3) A COST CONTAINMENT SYSTEM
- 4) DATA COLLECTION SYSTEM EXPANDED
- 5) INCREASED STATUTORY PUBLIC PARTICIPATION
- 6) INCLUSION OF LONG TERM CARE
- 7) INCENTIVES THROUGH PRIMARY CARE
- 8) WELLNESS EMPHASIS
- 9) ESTABLISH A CLAIMS CLEARINGHOUSE ----AND
- 10) CREATE CONSUMER REPRESENTATION ON THE COMMISSION. WE WOULD ADDITIONALLY RECOMMEND THE COMMISSION ELECT THEIR OWN CHAIR. THIS IS IMPORTANT TO THE COMMISSION'S INTEGRITY.

ALASKA HAS THE OPPORTUNITY TO "DO IT RIGHT" AND WE URGE YOUR CONSIDERATION OF THE ABOVE AMENDMENTS.

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

P.O. BOX 110200
JUNEAU, ALASKA 99811-0200
PHONE: (907) 465-2200
FAX: (907) 465-2496

March 11, 1994

The Honorable Steve Rieger
Chair
Senate HES Committee
Alaska State Legislature
Capitol Building
Juneau, AK 99801-1182

RECEIVED 12/13/94

Dear Senator Rieger:

After listening to the testimony on Senate Bill 270, relating to creation of an Alaska Health Commission, we have prepared five amendments to the Governor's bill for your consideration.

I believe the amendments address the concerns which have been expressed with respect to consideration of public health issues, single payer strategies, children's pools, disclosure of provider charges, and pursuit of federal waivers needed to maximize the collection and analysis of data.

Thank you for your consideration of these amendments to SB 270.

Sincerely,



Nancy Bear Usera
Commissioner

NBU/nl

cc: Raga Elim
Legislative Liaison

SB 270

AMENDMENT

To: HB 414/SB 270 "An Act Creating the Alaska Health Commission;....; and providing for an effective date."

Page 1, line 8, after "health care" add and maintenance of the public's health [IS] are vital to the public's interest.

Page 1, line 11, after "insurance" delete [, AND].

Page 1, line 12, after "malpractice" add and the lack of coordination of population based public health services.

Page 2, line 14, after "relating to" add the individual and public health care needs.

Page 5, after line 6, add a new section (6) as follows:

- (6) Establish a Public Health Advisory Committee which
 - (A) consists of at least one member of the commission and other individuals with significant public health expertise appointed by the commission; and
 - (B) Advises the commission on public health matters and the integration of public health services under AS 44.19.621.

AMENDMENT

TO: HB 414/SB 270 "An Act Creating the Alaska Health Commission;....; and providing for an effective date."

Page 2, line 23, after "proposals;" add "including a proposal which is based on a single payer strategy."

Page 8, after line 9, add a new section (9) as follows:

(9) "single payer strategy" means a method of financing health services so that every resident would receive at a minimum a uniform set of benefits and payment for services would be made primarily through a single entity.

AMENDMENT

TO: HB 414/SB 270 "An Act Creating the Alaska Health Commission;....; and providing for an effective date."

Page 5, after line 6, add a new section (6) as follows:

(6) Pursue necessary federal waivers from applicable federal law or other federal health care payers to the extent necessary to maximize the collection and analysis of health care data.

3/1/94

A M E N D M E N T

FOR CHARGE DISCLOSURE BY HEALTH PROVIDER
OFFERED IN THE HOUSE/SENATE

TO: HB 414
SB 270

Page 2, line 18:

Following "health":

Delete "insurance"

Insert "care"

Page 2, line 19:

Following "insurers":

Insert "and disclosure of charges by health providers"

Page 7, following line 22:

Insert a new section to read:

"Sec. 44.19.635. DISCLOSURE OF PROVIDER CHARGES; FINE FOR NONDISCLOSURE. (a) At least annually, a provider shall compile a list of charges for the 20 health care services most commonly provided by that provider. Charges for hospital services may be prepared on the basis of diagnosis related groups. Upon request of a person who is considering obtaining services from a provider, that provider shall provide the list of charges to the person for use in comparing charges among providers.

(b) Upon the request of a patient and before the commencement of a medical procedure, the provider shall disclose to that patient the estimated charge for that procedure. The estimated charge must be made in good faith and must be based on the provider's history of charges for that procedure. Nothing in this subsection requires a provider to make a charge estimate if the provider does not agree to perform the procedure.

(c) A provider shall place the following statement either on a form to be signed by the patient or in a conspicuous location on an easily readable sign: "You are entitled to a charge estimate for a medical procedure before the procedure is performed by your health provider."

(d) If the commission, after investigation of a complaint by a patient, determines that a provider has not complied with (a) of this section, has not provided a charge estimate as required by (b) of this section, or has failed to comply with (c) of this section, the commission may assess a fine of up to \$500 against the provider. The commission may assess only one fine under this section against a provider in a calendar year. A provider's violation of this section does not preclude the provider from collecting payment for services provided.

(e) A provider aggrieved by a decision of the commission under this section may appeal the decision to the superior court under procedures provided by court rule."

773-94-0024
8-GH2024.A
4/24/94

AMENDMENT

OFFERED IN THE HOUSE/SENATE

TO: HB 414/SB 270

Page 2, line 20:

Following "pools":

Insert ", including pools for the primary benefit of children,"

Page 13, line 5:

Following "pools":

Insert ", including pools for the primary benefit of children,"

Page 14, line 6

Following "pools":

Insert ", including pools for the primary benefit of children,"

Page 15, line 12:

Following "pools":

Insert ", including pools for the primary benefit of children,"