

**SB**

**367**

**DIVISION OF LEGAL SERVICES**

**LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA**

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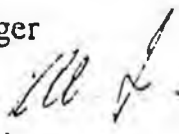
130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

**MEMORANDUM**

March 24, 1994

**SUBJECT:** Sectional Summary of SB 367

**TO:** Senator Steve Rieger

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

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

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

**Section 1.** Technical amendment required by the imposition of mandatory arbitration.

**Section 2.** Technical amendment required by the imposition of mandatory arbitration.

**Section 3.** Requires a civil action brought against a health care provider by a person who is less than two years of age be brought by the person's eighth birthday. Provides certain exceptions for the statutory limit imposed by this section.

**Section 4.** Provides that the rate of interest on judgments and decrees for the payment of money is equal to the 12th Federal Reserve district discount rate as determined under AS 455.45.010(b).

**Section 5.** Requires that a person who files a civil action for damages against a health care provider resulting from medical malpractice, must also submit the claim for arbitration. Establishes hearing procedures for arbitrating the claim and imposes deadlines for reaching the arbitrator's decision. Allows a party to appeal a decision of an arbitrator. Imposes a penalty for appeal of an arbitrator's decision if the judgment is not more favorable than the arbitrator's decision.

**Section 6.** Changes the expert advisory panel required in a medical malpractice action to a single expert advisor.

SECTIONAL ANALYSIS

Section 7. Requires a disability insurer to file rate information with the director of the division of insurance.

Section 8.

Sec. 21.58.010. Requires a health care provider to post certain price information.

Sec. 21.58.020. Requires the Department of Commerce and Economic Development to develop a health care data system. Allows the commissioner to require health care providers to submit data necessary to develop the system. Imposes certain confidentiality provisions and exceptions to confidentiality provisions regarding information in the data system.

Sec. 21.58.030. Requires the director of insurance to develop uniform claims forms, standards, and procedures for billing and payment for health care services.

Sec. 21.58.040. Allows the legislature to appropriate a portion of insurance premium tax proceeds for the administrative costs of this chapter.

Sec. 21.58.400. Definitions.

Section 9. Technical amendment to require health maintenance organizations to comply with provisions of AS 21.89.100 and 21.89.120.

Section 10. Technical amendment to require hospital or medical service corporations to comply with provisions of AS 21.89.100 and 21.89.120.

Section 11.

Sec. 21.89.100. Requires that insurance coverage provided under two or more plans be coordinated so that the insured receives the maximum allowable benefit from each policy.

Sec. 21.89.110. Requires that certain insurers must maintain certain statistical information on fees, that methods of calculation be disclosed within 15 days of the request, and that certain information regarding determination of the usual, customary and reasonable fee that the insurer uses to reimburse the insured.

Sec. 21.89.120. Definitions.

Section 12. Increases the excise tax on cigarettes from 12 to 17 mills.

Section 13. Technical amendment.

Section 14. Technical amendment.

Section 15. Applicability section.

Section 16. Establishes a health care advisory committee in the office of the governor. Establishes the membership of the committee, imposes certain duties, and imposes conditions on imposed duties.

Section 17. Establishes a medical practice advisory committee in the office of the governor. Establishes the membership of the committee, establishes powers and imposes certain duties.

Section 18. Repeals a medical malpractice advisory panel established by court rule.

Section 19. Section describing certain court rule changes.

Section 20. Section describing certain court rule changes.

Section 21. Section describing certain court rule changes.

Section 22. Provides that section 18 takes effect only if it is approved by a two-thirds vote of each house.

Section 23. Repeals sections 16 and 17 on June 30, 1996.

Section 24. Effective date.

MFF:lmb  
94-103.lmb

# **NFIB** Alaska

National Federation of  
Independent Business

POSITION PAPER

OF

NATIONAL FEDERATION OF INDEPENDENT BUSINESS  
(NFIB/ALASKA)

SB 367 HEALTH CARE REFORM COMMITTEES AND  
RAISING THE TAXES ON CIGARETTES.

1150 Skywood Lane  
Juneau, AK 99801



The Guardian of  
Small Business

POSITION PAPER

CHAIRMAN, MEMBERS OF THE COMMITTEE, MY NAME IS RESA JERREL, AND I AM THE STATE DIRECTOR FOR NATIONAL FEDERATION OF INDEPENDENT BUSINESS - NFIB/ALASKA. I APPRECIATED THE OPPORTUNITY TO SHARE OUR VIEWS WITH YOU ON SB 367.

NFIB/ALASKA IS COMPRISED OF 4,400 SMALL AND INDEPENDENT BUSINESS OWNERS. THE LEGISLATIVE AGENDA OF NFIB/ALASKA IS DETERMINED BY OUR BALLOT. THE BALLOT IS OUR ANNUAL POLL OF OUR MEMBERS ON A SERIES OF ISSUES DEEMED CRITICAL TO SMALL BUSINESS. A MAJORITY VOTE, OF THE MEMBERS IN RESPONSE TO THE POLL, SETS OUR POLICY AND POSITION ON LEGISLATIVE ISSUES. WE THEN SHARE THE RESULTS OF OUR POLL WITH THE LEGISLATURE AND ADMINISTRATION. THERE IS NOT ENOUGH SPACE ON THE ANNUAL POLL TO PLACE EVERY POSSIBLE ISSUE BEFORE OUR MEMBERS. THEREFORE, WE ALSO USE THE PREVIOUS YEARS BALLOT RESULTS AS GUIDANCE ON ISSUES. OVER THE PAST FEW YEARS WE HAVE ASKED OUR MEMBERS NUMEROUS QUESTIONS ABOUT HEALTH INSURANCE.

72 PERCENT SUPPORT CREATING A VOLUNTARY HEALTH INSURANCE PLAN WHICH WOULD BE ADMINISTERED BY PRIVATE INSURANCE COMPANIES AND WOULD POOL SMALL BUSINESSES TOGETHER SO THEY COULD PURCHASE EMPLOYEE HEALTH INSURANCE AT GROUP RATES.

87 PERCENT OPPOSE REQUIRING EMPLOYERS TO PROVIDE BASIC HEALTH CARE INSURANCE COVERAGE FOR THEIR EMPLOYEES.

76 PERCENT SUPPORT REQUIRING DOCTORS AND HOSPITALS TO POST THEIR FEES FOR THE SERVICES AND PROCEDURES THEY PROVIDE.

79 PERCENT SUPPORT CHANGING MEDICAL MALPRACTICE LAWS SO DOCTORS WILL NOT FEEL COMPELLED TO PERFORM VARIOUS MEDICAL SERVICES SIMPLY TO AVOID POTENTIAL LAWSUITS.

I HAVE A CONCERN WITH THE LANGUAGE "MANDATORY HEALTH CARE PLAN" ON PAGE 18, LINE 27, "MANDATORY COVERAGE" ON PAGE 18, LINE 29 AND "PARTICIPATION IS MANDATORY BY ALL STATE RESIDENTS" ON PAGE 19, LINE 23.

OUR MEMBERS BELIEVE IN THE FREEDOM OF CHOICE IN HEALTH INSURANCE. THIS MEANS, BEING ABLE TO BUY A HEALTH INSURANCE POLICY

TAILORED TO THE INDIVIDUAL, FAMILY AND/OR EMPLOYEE NEEDS. WE WOULD SUGGEST THE WORD "MANDATORY" BE DELETED. INSTEAD, DIRECT THE ADVISORY COMMITTEE TO PRESENT A RANGE OF OPTIONAL COVERAGE. WITH THE ABILITY TO PICK AND CHOOSE A PERSON COULD PURCHASE A POLICY THAT BEST MEETS THEIR PERSONAL CIRCUMSTANCES AND FINANCES.

WE ARE OPPOSED TO THE LANGUAGE ON PAGE 17, LINES 14 - 16 WHICH PROPOSES RAISING THE CIGARETTE TAX. THE 1993 SURVEY OF NFIB/ALASKA MEMBERS FOUND OVERWHELMING SUPPORT - 92 PERCENT - TO REDUCE STATE GOVERNMENT SPENDING BEFORE INCREASING TAXES.

I AM HAPPY TO SEE THAT THE HEALTH CARE PLAN ADVISORY COMMITTEE IS TO REPORT TO THE LEGISLATURE BY DECEMBER 15, 1994 ON THE SCOPE OF COVERAGE AND THE COST. A COUPLE OF YEARS AGO WE ASKED OUR MEMBERS IN ALASKA TO RANK ELEVEN PROBLEM AREAS - THE MOST COSTLY OR BURDENSOME PROBLEM THEY FACED AND, THE TOP TWO WERE: #1 WORKERS COMPENSATION COST AND, #2 HEALTH INSURANCE FOR EMPLOYEES. WHEN ASKED WHY THEY DID NOT PROVIDE HEALTH INSURANCE FOR THEIR EMPLOYEES, RANKING NUMBER ONE WAS: PREMIUMS ARE TOO HIGH OR THE FIRM CANNOT AFFORD TO PAY FOR BENEFITS.

COST OF ANY HEALTH INSURANCE PLAN IS OF GREAT CONCERN TO OUR MEMBERS. ONCE THE COST IS DETERMINED WE ALL CAN MAKE AN INFORMED DECISION ON THIS VERY IMPORTANT ISSUE.

I DO NOTE A POTENTIAL COST SAVING IN THE BILL - UNIFORM CLAIMS FORMS. PAPERWORK CONNECTED WITH HEALTH INSURANCE IS CHOKING OUR DOCTORS AND HOSPITALS NOT TO MENTION SMALL EMPLOYERS AND INDIVIDUALS. SMALL FIRMS ARE PARTICULARLY HARD HIT BY THESE COSTS: 30-40 PERCENT OF THEIR PREMIUMS GO TO ADMINISTRATIVE CHARGES. SMALL FIRMS, TOO, LACK EMPLOYEE BENEFITS DEPARTMENTS TO HANDLE THE PAPERWORK. REDUCING PAPERWORK THROUGH UNIFORM CLAIMS AND SOME

DAY ELECTRONIC FILING WILL MARKEDLY CUT THE COST OF ADMINISTERING INSURANCE.

THANK YOU FOR THE OPPORTUNITY TO COMMENT ON THIS IMPORTANT LEGISLATION. NFIB/ALASKA HAS AND WILL CONTINUE TO SUPPORT LEGISLATION THAT WILL HELP MAKE VOLUNTARY, PRIVATELY ADMINISTERED HEALTH INSURANCE MORE ACCESSIBLE, RENEWABLE, PREDICTABLE AND STABLE FOR SMALL BUSINESS OWNERS.